Edenred **handbook** to comply with **Anti-trust** regulations

Contents

A word from the chairman

Our culture of ethic and compliance is a key asset of Edenred, which daily contributes to the profitable and sustainable growth of the Group's activities.

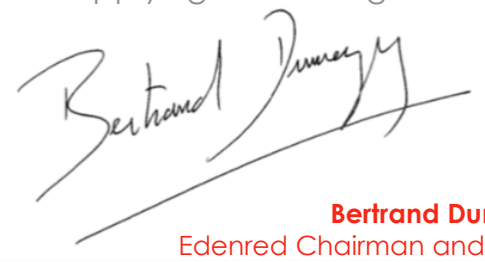
Respecting the competition rules, in all the geographies in which Edenred operates, is a fundamental part of our culture that we must encompass into our daily behavior.

This guide is a part of the compliance program developed by Edenred and is designed to :

- explain the major rules of competition law and
- set the dos and don'ts accordingly.

It is therefore essential that each of group's employee read these rules **carefully** and **personally** commit to abide by them **scrupulously**.

The group's legal and compliance departments are available to assist you in applying these obligations.



Bertrand Dumazy
Edenred Chairman and CEO

How to use this handbook

The purpose of this Handbook is to help Edenred employees and business units abide by the anti-trust laws and regulations to which Edenred must comply with.

The main types of infringement are **anticompetitive agreements** between companies and **abuses of a dominant position.** Sharing of **sensitive information** is often considered as an additional infringement by Competition Authorities. Such behaviours artificially distort the functioning of the economy, to the benefit of the wrongdoer, but to the detriment of other companies, customers and consumers.

Some other business practices need to be handled with care, such as participating to a trade association, merging with a competitor or unilaterally communicate on its market.

LOCAL REGULATIONS

This Handbook does not cover all points that are specific to local regulations and that could prove to be more restrictive than the principles hereby laid down. It is up to each person to make sure that he or she complies with local regulations.

Nevertheless and in any event, the principles set forth in this Handbook are the minimum principles to be applied, regardless of local regulations in the country concerned.

Main Anti-trust practices

1 Anti competitive agreements

2 Abuse of dominant position

3 Exchange of sensitive information

1 Anti competitive agreements

Cartels between competitors

All agreements between undertakings, whether or not formally set out in a written contract or orally, whose purpose, actual or potential effect is to impede effective competition, will be considered as an anticompetitive agreement.

Anticompetitive agreements include 'cartels', in which competitors
- jointly fix prices,
- allocate markets or customers among themselves,
- agree on common terms and conditions,
- as well as other concerted agreements between undertakings operating at different levels of the supply chain (vertical agreements).

Such practices, which are often kept secret, are serious infringements to competition law.

Cartel between competitors is stricly forbidden

1 Anti competitive agreements

Bid rigging 1/2

Bid-rigging is an illegal practice consisting in companies coordinating their participation to a bidding process. Bids coordination may take very different forms, the most common bid-rigging schemes being the following:

- **Cover bidding** is designed to give the appearance of genuine competition and may occur when: (i) a competitor agrees to submit a bid that is higher than the bid of the designated winner, (ii) a competitor submits a bid that is known to be too high to be accepted, or (iii) a competitor submits a bid that contains special terms that are known to be unacceptable to the purchaser.

- **Bid suppression**: one or more competitors agree to refrain from bidding or to withdraw a previously submitted bid so that the designated winner's bid will be accepted.

- **Bid rotation**: competitors participate in bidding, but they agree to take turns being the winning bidder.

- **Market allocation**: competitors carve up the market and agree not to compete for certain customers or in certain geographic areas. For instance, competitors may allocate between them specific customers or types of customers, so that they will not participate to the bidding processes launched by a certain class of potential customers which are allocated to a specific competitor.

1 Anti competitive agreements

Bid rigging 2/2

- **Group bidding**

  Recourse to subcontracting or a momentary grouping of firms for a specific bid is allowed. However, the creation of a bidding group or the organization of subcontracting should not be used as a mean of market sharing or in order to foreclose the market from competitors.

  In order to participate in bidding groups or recourse to subcontracting, firms must be able to show the technical, economic or other reasons which have led them to proceed in a given way (complementarity of competence or resources, economy of means, risk sharing…). The Legal Department must review and approve such agreement.

Bid rigging is stricly forbidden

2 Abuse of dominant position

The concept of "dominant position" does not necessarily mean that the firm in question is the only provider on the market, but indicates that in this market it has the power to control prices or to exclude competitors. Generally speaking, and even though the assessment criteria are multiple, the existence of a dominant position must be considered as soon as a corporation owns a market share above 40% of market of a services and/or goods market within a given geographical area.

Holding a dominant position is not forbidden in itself on condition that such position has been acquired, is maintained and improved upon exclusively by competing with other firms "on the merits", that is to say thanks to the quality of its products or services and thanks to better economic efficiency.

Nevertheless, holding a dominant position leads to there being a "particular responsibility" incumbent on the firms concerning fair competition in the markets in which this dominance is exercised as well as on neighboring markets.

Consequently, certain practices that are acceptable for non-dominant firms are prohibited for the dominant firm, as they are considered to entail the "abuse of a dominant position".

In certain market configurations (oligopoly/ duopoly) several firms may together hold a "collective dominant position".

2 Abuse of dominant position

Examples of practices which constitute abuses of dominant position

As far as dominant firms are concerned, competition law prohibits the following practices:

- excessive or predatory pricing,
- refusal to provide services (or sales),
- exclusivity provisions imposed to suppliers or clients,
- excessive priority right or matching on competitors' offer,
- most favored client clause (which enables a client to ask his supplier for the benefit of any most interesting conditions that he could apply to other clients),
- any discriminatory practices, disparagement

Abusing of a dominant position is stricly forbidden

3 Sensitive Information

Exchanging sensitive information between competitors

Competitors must not exchange sensitive business information which would allow them to coordinate their behavior on the market or adapt their strategy.

Sensitive business information would be :

- prices and/or other sales terms (such as bonus or discount schemes);
- costs, including costs structure, advertising budget, R&D budget, salaries;
- sales figures and/or market shares (knowledge of market shares normally implies knowledge of the competitors' sales figures)
- customer lists;
- investment plans and/or marketing strategies.

An exchange of information is even more damaging when it covers future behavior than when it involves prices observed or services (or sales) carried out during a prior period.

If for some reason information must be provided, for a public affair study managed by a trade association for instance, it must in priority be public information. In case of non public information, a law frim will act as a clean team, anonymize and aggregate all senstive data.

Illegal exchange of information may occur even in the absence of contact between competitors, but via third parties (facilitators, lobbyist, suppliers and even clients) who may function as informer for the formers.

Sharing sensitive information with a competitor is stricly forbidden

3 Sensitive Information

How to react if you receive competitors' senstitive business information ?

During a meeting

Do not stay passive! It is not an argument to argue that someone attended a meeting at which prices were discussed, but that he / she maintained silence throughout the meeting and gave no indication of his / her own intentions. Attendance is sufficient to implicate the undertaking in a price fixing agreement.

Interrupt the meeting and **state publicly that you distance yourself from the discussion**, that you do not wish to receive such data, then leave. Make sure that each of these actions you take is recorded in the minutes of the meeting.

In any case, do not participate in a meeting with competitors if you do not have a prior clear agenda of the discussion points.

Via e-mail

Reply to the e-mail by stating that you have not requested and you do not wish to receive such information.

Report the incident to your Legal Department

OTHER BUSINESS PRACTICES

1 Trade Association

2 Merger Control

3 Unilateral communications

Trade association

Participation within trade associations is a **legitimate practice**.

However, since trade associations' events and activities usually reunite competitors, utmost care must be taken to avoid any exchange regarding sensitive business information (see Sensitive information).

It is legitimate to exchange information which is **non-strategic** and that **will not provide any participant** with a competitive advantage or understanding on future (or recent) strategy, such as best practices or industry standards.

As a best practice participating to a trade association, you have to :

- Participate in a professional organization only with the express authorization of your hierarchy (region or zone director)
- Attend meetings solely on the basis of the official agenda
- Discuss only the topics on the agenda
- Do not attend this meeting if the agenda is not clear or precise enough (or if it contains issues manifestly outside the framework of the association)
- Prepare minutes of the discussions
- Immediately leave a meeting if issues discussed are contravening this guide, and ensure that your departure is recorded in the minutes
- Do not participate in any informal exchanges with competitors' representatives organized outside the official framework of the trade association.
- Internal regulation, by-laws, statutes of a Trade association, joint venture or group of interest between competitors must be reviewed and validated by the Legal Department.

Merger control

Competition law not only regulates the behaviour of companies in the markets but also the transactions carried out by firms which affect the very structure of the markets: such concentration (merger, acquisitions or joint-ventures) requires the clearance of the Anti trust Authorities.

In most countries, there is an **obligation to give advance notification before the transaction is carried out** when the foreseen concentration exceeds a certain threshold, under penalty of heavy fines. It is therefore imperative, in all cases, to consult the legal department.

On top of such prior concentration clearance requirement, Gun-jumping is a serious violation of competition laws and may be sanctioned with substantial fines.

"**Gun-jumping**" refers to the implementation of the concentration prior to obtaining clearance from the competent competition authority.

If, for some technical reasons, the acquirer and the acquired company need to organize the future concentration before formal clearance from the Authorities, it is mandatory to organize a "**clean team**" procedure, where external lawyers from acquirer and acquired company will act as intermediaries, filter all sensitive information and make sure anti trust regulation is respected.

Unilateral communications

Illegal exchanges of information may occur even by means of **unilateral communications** by a company.

- When a company receives strategic data from a competitor (be it in a meeting, by mail or electronically), it will be presumed to have accepted the information and adapted its market conduct accordingly **unless it responds with a clear statement** that it does not wish to receive such data.

- However, **public announcements** of future prices or other such types of information, made by a company in the media, are legitimate if:

- they are addressed **to the public (the customers)** and not to competitors;
- they are **justified** by business considerations;
- they carry a **commitment** towards consumers (must not represent non-binding intentions; therefore, only final business decisions should be announced);
- they **do not include an invitation to competitors** to rally to the announcement.

Risks and Sanctions

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 per breach**
- Negative impact on the company image and reputation
- Any agreement which violates competition rules will be null and void
- The company might no longer be able to participate in bids for public sector work
- Victims of anticompetitive behaviour can claim damages in civil courts
- 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.

IN A NUTSHELL

In a nutshell

What is Competition Law about ?

The rules of competition law may vary from one country to another and fit within different legal systems. Still, they all aim to ensure that the behavior of the economic players on a given market and the structure of such market are such that there is efficient competition, in the general interest of everybody.

Competition Law mainly prohibits to, directly or indirectly :

- Enter into agreements with competitors regarding prices, markets, tenders, clients,
- Exchange sensitive information with competitors
- Abuse of a dominant position
- Merger without prior authorization of the Authority

Where does Competition Law apply ?

Competition laws exist in all countries in which Edenred operates.

What are the main risks of non-compliance ?

Heavy Fines, Civil Litigation, Criminal litigation, Reputational risk, Public tender ban, Internal sanctions

DO

1. Compete lawfully to advance the interests of this Company.

2. Leave any place where rivals, competitors, or dealers begin to talk about prices, costs, or dividing or allocating customers or territories.

3. Obtain as much information about competitors as possible from public sources.

4. Record the sources of information you receive about competitors.

5. Consult with the Legal Department before entering into any agreements or discussions with dealers, distributors, or other customers (generally, "customers") which would:

- Restrict prices,
- Restrict the terms on which the customer would do business,
- Restrict the territory or applications in which the customer may resell,
- Restrict the customers, or classes of customers to whom the customer may resell, or
- Require the customer to deal exclusively with this Company or this Company's products.

6. Deal with each customer honestly and fairly and restrict your conversation to that customer's business.

7. Obtain approval from your hierarchy before joining any trade association

8. Use your best judgement and consult with your Legal Department whenever in doubt

DONT'

1. Discuss with competitors, especially concerning current or future prices, costs, margins, or pricing strategies

2. Discuss current or future discounts, terms, or customer incentives with competitors

3. Enter any agreement or understanding, or suggest the possibility of entering any agreement or understanding, with competitors about:
- Current or future prices, credit terms, discounts, or incentives,
- Terms or conditions of sale,
- Bids or contents of bids,
- Exchange of competitive price or cost information,
- The division or allocation of customers,
- Profits or profit margins,
- Sales territories or geographic markets,
- The business of specific customers or classes of customers or credit information relating to specific customers or dealers,
- Distribution plans or practices, or
- Limits on a competitor's method of doing business.

4. Attend trade or professional association meetings where attendees discuss the items previously described. If those items are discussed – leave, tell everyone you are leaving because of those discussions, and contact the Legal Department.

5. Talk to one dealer or customer about the business or marketing practices of another.

6. Obtain information about a competitor's prices directly from the competitor.

7. Condition the sale of one product on the purchase of another without prior approval of the Legal Department.

8. Condition the Company's purchase of goods from a supplier on the condition that the supplier will use the Company's products, without reviewing it with the Legal Department.

9. Talk about the appointment or termination of a distributor, dealer, or retailer with a group of other distributors, dealers, or retailers.

Contact
US

Contact

Philippe Relland-Bernard:
Philippe.Relland@edenred.com
Landline: +33 (0)1 74 31 86 85

Legal and Compliance Division

Published: June 2020