OEG Offshore

Global Quality

Competition Law Compliance Guide

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Amendments

Amendment Description	Rev.	Date	Amended By	Approved By	Pages Affected
New Global Guidance Document	0	14/03/19	SR	CAR	N/A

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1. Introduction

The OEG Offshore Group (OEG) has built a trustworthy and highly credible reputation as a leader in the provision of equipment and services to the global Oil & Gas Industry. In pursuing legitimate business opportunities, OEG vigorously maintains a commitment to comply with the antitrust and competition laws of all countries which are applicable to the business.

Our reputation, credibility and business ethics are of great importance and is the result of years of hard work by all our Employees. OEG has adopted a Zero Tolerance approach towards any breaches of this Competition Compliance Policy, an approach which is fully supported by the OEG Executive Board.

The purpose of this Guide is not to make you an competition law/antitrust expert, but to make you aware of the general requirements of antitrust and competition laws and the kinds of conduct that can raise antitrust/competition law issues so that you will know when to ask for advice. You are strongly encouraged to seek further advice if you are uncertain as to whether a particular circumstance could be a violation of the OEG global policy; OEG-Global-Pol-012 Competition Law Compliance Policy.

2. Guide Objective

The aim of this Competition Law Compliance Guide is to provide employees with a basic understanding and awareness to ensure compliance with the relevant competition laws. Adherence to the principles set out in this Guide will minimise the risk of violation.

Competition law is also known as anti-trust law in the United States, and as anti-monopoly law in China and Russia. In previous years it has been known as trade practices law in the United Kingdom and Australia. In the European Union, it is referred to as both antitrust and competition law. Anti-competitive conduct constitutes an administrative offence in many jurisdictions for both the individual and their employer. In some jurisdictions, it is subject to criminal prosecution.

Although these laws differ in some respects, they generally address similar kinds of conduct and share a common underlying philosophy. The common theme is that competition benefits consumers by providing the best products at the lowest prices. The antitrust and competition laws operate to prevent competition from being undermined by anticompetitive practices, such as cartels and abuse of market power.

OEG is committed to a competitive market and the prevention, deterrence and detection of any violation of applicable competition laws. In many areas of competition law there is a fine line between remaining within the bounds of the law and overstepping it. Some practices often require scrutiny before being implemented. OEG cannot relieve its Employees from the responsibility of carrying out this assessment, as it is often necessary to review the circumstances of each particular scenario. In case of doubt, Employees should always consult their immediate line manager and/or regional director.

3. Scope of this Guide

This Policy applies to all entities and businesses within OEG and each business entity will seek to adopt and promote practices that are consistent with the principles set out herein. Within OEG, the responsibility to reduce the risk of anti-competitive conduct resides at all levels of the organisation.

Where an entity of OEG is either a minority or majority shareholder or plays a managerial role in another company, including joint ventures, the representatives of OEG sitting on the respective entity's Board of Directors or management committee must actively support the implementation of comparable

competition standards. This Policy applies in all countries where OEG conducts business unless otherwise specified.

4. Legislation

This guide is primarily based on the provisions of EU competition law, which sets high standards of competition and apply uniformly throughout the EU Member States. All OEG entities and Employees must strictly abide by these legal provisions. In some areas of the law, in particular where the abuse of a dominant market position is concerned, provisions of national law of the Member States may be stricter than EU law. The same may generally apply in non-EU countries. All OEG entities and their Employees must be aware and comply with the relevant specific local legislation. If Employees are unsure what these legislation requirements are, they must consult their immediate line manager or regional director.

Competition law protects free and open competition from restrictions that may be brought about by companies. Competition law makes sure it also protects OEG against anti-competitive practices of other companies & countries.

The basic two core prohibitions of EU competition law are:

- **Restrictive agreements and concerted practices** - agreements which may affect trade and have, as their object or effect, the prevention, restriction or distortion of competition; and
- **Abuse of a dominant position** – anticompetitive conduct by companies that hold a significant share of the market.

Comparable provisions can also be found in the national laws of all EU Member States and over one hundred other countries.

The application of competition law is primarily based on the economic effects of conduct in the market place, and the prohibitions will only apply (subject to exceptions) if the activity at issue has an "appreciable effect" on competition. However, there are certain "hard core" infringements – such as **price fixing, bid rigging, limiting capacity,** or **market sharing**, which are always capable of having an appreciable effect on competition and will therefore breach competition law.

5. Anti-Competitive behaviour

OEG employees must watch out for anti-competitive behaviour which includes cartels and other competitive agreements as follows;

5.1 Restrictive Agreements : Cartels are the most serious types of anti-competitive agreements, where two or more businesses agree, whether in writing or otherwise, not to compete with each other. Cartels deprive consumers and other businesses of the benefits of fair competition. In the long run, cartels undermine competitiveness in the wider economy. Cartels include agreements to:

- fix prices;
- engage in bid rigging;
- limit production or supply;
- share customers or markets; and
- coordinate on boycotts or concerted refusals to deal.

A cartel may also arise where there is a unilateral exchange of commercially sensitive or confidential information or when businesses disclose or exchange commercially sensitive information.

The scope of the law in relation to the disclosure/exchange of commercially sensitive information is broad. In general, information relating to the following factors is considered competitively sensitive: **prices, costs, profit margins, terms of sale, sales territories, sales development (turnover information), commercial strategy, customers, status of negotiations, inventory levels, technological development, R&D effort, etc.** The key issue is whether the disclosure/exchange of information substantially reduces uncertainty around the company's future commercial behaviour in the market place such that it may lead to anti-competitive co-ordination between competitors. The fact that information sharing can start easily and seem relatively harmless at first makes cartels a significant risk. Organisations can easily slip into a cartel situation without realising what is happening.

Other agreements that could be anti-competitive include agreements, whether in writing or otherwise, that involve:

- Joint selling or purchasing with competitors
- A retailer agreeing with its supplier not to sell below a particular retail price, or agreeing to a long exclusivity period.

5.2 Abuse of a dominant position : A business that enjoys substantial market power over a period of time might be in a dominant position. The assessment of a dominant position is not based solely on the size of the business and/or its market position. Whilst market share is important (a business is unlikely to be dominant if its market share is less than 40 per cent) it does not determine on its own whether a business is dominant. The European Court has stated that dominance can be presumed in the absence of evidence to the contrary if an undertaking has a market share persistently above 50 per cent.

Even if a firm is not in a dominant position they might be at risk of being adversely affected by abuse of a dominant position by others (such as suppliers or competitors, for example). It is therefore important that all businesses are aware of the signs of abuse of dominance and know what to do if they suspect it is happening in their market.

To assess whether a business may occupy a dominant position, consider the following questions:

- What is/are the relevant markets in which the business is operating?
- Does the business have persistently large market shares in excess, for example, of 40 per cent, in the relevant market? Experience suggests that the higher the market share and the longer the period of time over which it is held, the more likely it is that it constitutes an important preliminary indication of the existence of a dominant position.
- Are there barriers to entry or expansion that may prevent potential competitors from entering or expanding in the market?
- Do the customers of the business have any degree of buying power that they can exert on the business?

To identify if a dominant business is at risk of abusing its position, consider the following questions :

- Has the business refused to supply an existing customer without objective justification?
- Has the business offered different prices or terms to similar customers without objective justification?
- Has the business granted non-cost justified rebates or discounts to customers that reward them for a particular form of purchasing behaviour, or accepting exclusivity provisions?

- Does the business require customers wishing to purchase one product to purchase a different one in addition (tying or bundling)?
- Is the business charging prices so low that they do not cover the costs of the product or service sold?
- Is the business refusing to grant access to facilities that a business owns which may be essential for other competitors to operate in a market?

Although the activities carried out by a dominant business listed here will not necessarily constitute an abuse in every case, they can give rise to **increased risk, or be indicative, of abuse and may warrant assessment.**

5.3 Bid / Tender Rigging : In terms of contracts, competitors are forbidden to exchange information during the tender process and they are also forbidden from coordinating their bids in any way whatsoever. Bid coordination may take very different forms, such as bids that are artificially less competitive (cover bids) or, unless explicit and clear justification, failure to submit a bid for a given bidding procedure.

5.4 Trade Associations : OEG is a member of several trade associations and participation in these associations is generally seen as a good idea. Participation in these trade associations is perfectly legitimate and is permitted, however all employees must ensure that their conduct at trade associations and the conduct of the other members of the trade association never over-steps the permitted boundaries outlined in this guide. Trade associations must never be a forum for illegal collusion between competitors.

6. How do we comply with Competition Laws?

OEG employees must comply with applicable local competition laws. It is imperative not only to comply with competition law, but also to take the necessary measures to avoid any situation that might erroneously lead others to suspect incorrect behaviour.

In this respect, tight control over internal and external communication is essential. It is a common error to think that oral communication cannot be traced or that totally informal or personal notes (handwritten notes in the margin of a document, post-it, agendas, e-mail, instant messages) are devoid of any possible legal consequences.

6.1 DO's & DON'Ts : To ensure that the rules of competition law are complied with and in order to avoid any risks of sanctions on the company or on individuals we have presented some of the main Do's and Don'ts to assist with understanding compliance;

a. **DO** Seek advice about accepting social invitations from competitors or joining trade associations.

b. **DO** Remember that all arrangements, including informal understandings and "gentlemen's agreements," will be illegal if they infringe competition law, and may give rise to heavy fines on the participating businesses and risk of criminal prosecution of individuals.

c. **DO** Avoid all discussion of competition or competitive subjects with personnel from a competitor and make it an obvious point to break off such discussion should they arise.

d. **DO** Accept information volunteered by customers as to what competitors are doing & the terms of any special promotions being offered by competitors.

e. **DO** Recognise that the risks of infringement of competition rules and of legal complaints by customers or competitors increase in market sectors where the Company has a dominant share (35 to 40 per cent or over).

f. **DO** Recognise that certain practices that are generally legal may become illegal where the Company enjoys a high market share and enjoys market power (i.e. the ability to behave, to an appreciable extent, independently of its customers and competitors).

g. **DO** Be cautious about charging different customers different prices unless this is justifiable on the basis of different supply costs or is the outcome of commercial price negotiations - if in doubt seek advice.

h. **DO** Be cautious about pricing products so as to incentivise customers to source all their requirements from the Company - volume discounts by a dominant business should reflect genuine cost savings resulting from supplying a larger volume - if in doubt seek advice.

i. **DO** Be cautious about linking the sale of one product to other products or services (so-called "tie-in sales").

j. **DO** Ensure that price cuts targeted at competitors' services are carefully studied to ensure that they are not loss-making.

k. **DO** Avoid all references to the following words and phrases: "dominant", "dominance", “dominant position” and "market power".

l. **DON’T** Discuss, recommend or agree with competitors on the following matters:

- Costs;
- Prices, as well as trends, proposed changes in, and the methods of calculation of, such prices;
- Discounts or rebates off prices, and inclusion/removal of surcharges;
- Margins and profitability;
- Competitive strengths and weaknesses in a particular area;
- Any other terms and conditions of sale of products;
- Business or marketing plans;
- Division or allocation of territories or customers;
- Any plan to refuse to deal with specific customers or suppliers; or
- Proposed product launches or withdrawals.

m. **DON’T** Remain at meetings with competitors at which competitive conditions are discussed or where you believe the discussions or actions are risky in competition law terms. Leave the meeting as soon as possible and make sure that this is noted or a minute taken of your actions. Inform your management as to what has happened as soon as possible.

n. **DON’T** describe the competitive activities of competitors or customers as undesirable or unfair. Customers are lost, not “stolen”; price cutting is not “unethical”; and customers who charge lower prices than others are not “mavericks”, “cowboys” or “irresponsible”.

6.2 Third Parties : Anti-competitive conduct of Third Parties can have reputational implications for the OEG Group entities even without their involvement. Accordingly, we aim to ensure that all Third Parties we

engage with share our standards of integrity. Therefore, each Employee shall immediately inform their line manager and regional director when becoming aware of actual or potential infringements of competition law by Third Parties.

6.3 M&A Transactions : The OEG Group entities may be accountable for the past actions of acquired entities. In order to avoid negative consequences for the OEG Group entities it is important to conduct adequate due diligence subject to size and structure of the transaction. Moreover it is important to ensure that the acquired entities immediately share our standards of integrity and act accordingly.

7. Penalties

The financial penalties for undertakings that breach competition rules can be very severe. In the EU, fines of up to 10 per cent of global group turnover can be imposed. Infringements of the competition rules may also lead to contractual risk; civil liability; criminal liability; and reputation risk.

8. What OEG expects of its Employees

Every Employee is personally responsible for complying with the applicable provisions of competition law and this Policy. In general, Employees shall:

- Refrain from any agreements or coordination with a competitor that could reduce competitive pressure between OEG and the competitor;
- Refrain from any exchange of information that would make it possible to draw conclusions about the current or future market conduct of OEG or the competitor.

It is particularly unacceptable for Employees to:

- Enter into an agreement with a competitor on or otherwise coordinate price related issues, sales quantities or quotas, market shares, the allocation of sales territories or customers or the handling of customer or supplier claims;
- Exchange information with a competitor on banned or critical topics.

OEG expects that all Employees will:

Comply with the provisions of this Guide and that of the applicable laws at all times; this includes off-duty contacts insofar as OEG's interests are affected or employees are perceived by third parties to be representing OEG;

- Raise any concerns as soon as possible if the person believes or suspects that an infringement has occurred or may occur in the future in line with the OEG Whistle Blowing Policy;
- Respect OEG's customers, suppliers and all other parties with whom it interacts to achieve its objectives by conducting business with integrity and in a lawful and professional manner;
- Never rely on outsiders such as competitor or trade association representatives but instead seek advice and guidance from their immediate line manager or regional director should they be unclear or uncertain of any aspect of our Global Policy, this guide and their own responsibilities to ensure compliance;
- Attend any training sessions or other events designed to communicate this Policy.

9. Compliance Organisation and Monitoring

The OEG Executive Board bears the overall responsibility for the Group's compliance with competition law. The respective Regional Director has the overall responsibility for compliance within each OEG Group entity. The local compliance organisation can either be on company entity level or on country/regional level, i.e. the compliance organisation of one company is responsible for all OEG Group entities in its country/region. The Regional Director will be responsible for the on-going operation of the compliance system, employee awareness & training, monthly reporting and case handling.

Compliance will be monitored through:

- Periodic risk assessment;
- Annual compliance Declaration from 'high risk' Employees; (Annex 1)
- Appropriate competition training with Employees;
- Active and visible support from the OEG Executive Board for each business, particularly by regularly monitoring events that could give rise to competition law risks.

Where appropriate, internal and external audit controls may also be used as a method of supporting the compliance implementation and to assist with verification.

10. How to report any Concerns of Misconduct

Any concerns Employees have in relation to anti-competitive conduct must be reported to or through:

a) Their direct line manager;
b) Their local Regional Director; or
c) OEG whistleblowing process.

11. Consequences of Misconduct

Failure of an employee to comply with our Global Policy can result in disciplinary action up to and including termination of employment. The OEG Executive Board of Directors and the local Regional Director are jointly responsible for deciding on the appropriate course of action. The respective OEG Group entity may also take court action against the employee to the full extent of the law.

12. Dawn Raids

The European Commission and other national competition authorities have significantly increased their competition law enforcement activities in recent years. They have the power to conduct "Dawn Raids". A dawn raid is an unannounced inspection by the competition authorities. Often, the authorities will inspect whether the company is involved in a violation of the competition rules and preserve evidence of any violations. During the inspection, the competition authorities will investigate the company and collect both physical and electronic data. It is important to be prepared and capable of responding promptly when the authorities arrive.

Obtain copies of, and review, the authorisation and other documents (e.g. warrant) provided by the investigation body at the start of the dawn raid.

It is important that a speedy analysis is undertaken which is vital if a leniency application is to be considered. A Task Force comprising the Regional Director and other responsible members of the company's senior management team. At this stage the Task Force must advise the company appointed

lawyers. In particular, this will enable the company to benefit from the protection of legal professional privilege against disclosure of documentation created in relation to the investigation. The Task force will review and formulate a strategy which will encompass the following key activities;

- Internal email to Staff
- External Communications
- Company Lawyer Involvement
- Communication with Investigators

This can be a stressful process, and it is important that it is dealt with in a measured and sensible way. The following points are provided as guidance;

12.1 OEG's Rights and Responsibilities

At the investigation, the competition authorities will present a warrant and an authority decision stating the purpose of the investigation. The company is obligated to give the authorities access to carry out the investigation.

- The competition authorities must have access to the company's premises and documents. They are entitled to make copies of physical documents and electronic data.
- The company is obligated to answer questions about facts - not questions concerning violation of the rules.
- The company is entitled to send for a lawyer. As a predominant general rule, the competition authorities are not entitled to see or make copies of correspondence exchanged between the company and an external lawyer.
- The company is entitled to receive a report from the competition authorities which describes the investigation in detail.

12.2 Useful Guidelines

It is important that we are cooperative with the investigators as it may be a violation of the competition rules to obstruct the investigation, and lack of cooperation may be blamed on the company.

- Be accommodating at the start of the day and receive the investigators politely and calmly. It is important that the company's employees do not panic, to ensure that the procedures are met and errors avoided.
- Notify the company's appointed lawyer immediately. They may assist in safeguarding the company's interests and handle the contact to the competition authorities during the investigation.
- Accompany and monitor the investigators. In this way, the company will be informed about the investigation, and it will contribute to ensuring that the investigators will only investigate the matters they have come to investigate.
- Ensure that the company receives a copy of the documents collected by the investigators. This will give an overview of the information held by the authorities and improve the possibilities of assessing the case and preparing a defence.
- Avoid giving the investigators unsolicited information. In this way, the employees will not risk giving information that may harm the company.
- Give brief and precise answers and answer only factual questions to which you know the answer. In this way, the employees will not risk giving incorrect information or information that may harm the company.

- Write down all questions and the employees' answers. This will provide an overview and a possibility of documenting which information has been disclosed.

13. Training Support and Resources

It is the personal responsibility of every Employee within the OEG Group to understand and observe our Global Policy. The local Regional Directors are responsible for ensuring all employees of the local entity are aware of this Global Policy and any subsequent amendments made. If you have any questions or concerns in relation to this guide, the Global Policy or competition law in general please contact your local Regional Director.

Additional local Government resources related to Competition Law;

Australia : https://www.accc.gov.au/
UK : https://www.gov.uk/government/organisations/competition-and-markets-authority#content
Singapore : https://www.cccs.gov.sg/
Malaysia : http://www.mycc.gov.my/
Trinidad : http://tandtftc.org/
USA : https://www.ftc.gov/about-ftc/bureaus-offices/bureau-competition

14. References

OEG-Global-Pol-012 Competition Law Compliance Policy
OEG-Global-Pol-005 Suppliers Code of Ethics Policy
OEG-Global-Pol-001 Anti Bribery and Corruption Policy
OEG-Global-F-004 Competition Law Declaration (Annex 1)

ANNEX 1 – HIGH RISK EMPLOYEE ANNUAL DECLARATION

This declaration must be completed by employees who have been identified as "high risk" due to their position (risk profile) in the company. This declaration is provided to those employees on an annual basis as part of the awareness program for corporate compliance activities.

All businesses must comply with competition law and there can be serious consequences for businesses and individuals, including directors, for non-compliance. Please complete the following declaration;

1	Have you received a copy of the OEG Global Competition Law Compliance Policy – OEG-Global-POL-013 ?	**YES**	**NO**
2	Do you fully understand the serious consequences of non-compliance with the OEG-Global-POL-013 – Competition Law Compliance Policy ?	**YES**	**NO**
3	Have you been involved in any Cartel agreements to fix prices, bid rigging, limiting production capacity/stock, share customers or split of geo-markets ?	**YES**	**NO**
4	Have you been involved in joint selling or purchasing with competitors ?	**YES**	**NO**
5	Do you consider that your entity is in a dominant position in any of your regional geo-markets ?	**YES**	**NO**
6	Do you offer different prices or terms to similar customers without a clear and objective justification ?	**YES**	**NO**
7	Your employees may not know where the line is between legal compliance and illegal conduct – Have you identified "high risk" employees within your organization and provided additional training on Competition Law Compliance ?	**YES**	**NO**
8	Has any employee in your organization reported a breach of our Competition Law Compliance policy OEG-Global-POL-013 ?	**YES**	**NO**
9	Have you encountered anti-competition activities within your current role either internally or externally ?	**YES**	**NO**
10	Have you reviewed the 2 minute Competition Law awareness quiz online ? (https://maxcma.typeform.com/to/MQJ1s0)	**YES**	**NO**

I hereby acknowledge that I have answered the questions above to the best of my knowledge.
Please return this page to : compliance@oegoffshore.com

Signature : _____

Name in Block Capitals : _____

Company : (full entity name) _____

Country : _____

Date : _____

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