



Gates Industrial Corporation plc
Global Antitrust and Fair Competition Principles



August 2017

Dear Colleagues,

As a leading global manufacturer, Gates' business activities are subject to a variety of statutory regulations and standards throughout the world. Gates is committed to operating in a manner that ensures strict adherence to the laws and regulations that govern all aspects of our business globally.

In particular, we are dedicated to ensuring our employees understand and comply with all applicable antitrust and competition laws when carrying out their job duties. In general, antitrust laws prohibit collusion and certain market practices that unfairly inhibit the ability of others to compete in the marketplace. Failure to comply with these laws can result in severe penalties for both companies and individual employees involved in wrongdoing.

The Global Antitrust and Fair Competition Principles provide a framework to familiarize all Gates' employees with the relevant laws in this area. In addition, we have created regional or country-specific policies that further detail our obligations pursuant to local antitrust laws. Gates' employees, agents, and representatives are expected to conduct business in accordance with these Principles and policies, and to report any instance of non-compliance with the law to the Gates Law Department.

With a focus on quality and innovation, Gates thrives in a competitive marketplace free of collusion and unfair practices. Gates has and will continue to provide unqualified support for the enforcement of antitrust and fair competition laws in all of the global markets in which we compete.

Only by strictly adhering to these Principles can we avoid significant legal and economic risk to our company, and thus to us all.

Sincerely,

Ivo Jurek
Chief Executive Officer
Gates Industrial Corporation Plc

1. PURPOSE AND SCOPE

Gates Industrial Corporation Plc and its relevant affiliates (Gates or Company) are committed to maintaining the highest ethical and legal standards in all aspects of its global business operations. As such, we take precautions to ensure we conduct our business, and ourselves, in accordance with the applicable antitrust and unfair competition laws (Antitrust Laws). Gates has therefore established these Global Antitrust and Fair Competition Principles (the Global Antitrust Principles) to provide guidance on the Antitrust Laws and corporate standards that apply to Gates' operations globally.

As the Antitrust Laws can vary by country, these Global Antitrust Principles are not designed to provide a complete explanation of the Antitrust Laws specific to each Gates location. Instead, the Global Antitrust Principles are designed to familiarize Gates Personnel with the general requirements under the Antitrust Laws and help identify when to contact the Gates Law Department for further guidance.

All Gates directors, officers, and employees (collectively, Gates Personnel) and any agents or representatives acting on behalf of Gates are expected to comply with these Global Antitrust Principles, in addition to any local laws and regulations that may govern them. If you have any questions regarding these Global Antitrust Principles, or how they apply in practice, please contact the Gates Law Department.

2. OVERVIEW OF ANTITRUST LAWS

Broadly stated, the purpose of the Antitrust Laws is to protect and promote competition by prohibiting unreasonable restraints on commerce. The presence of competition leads to lower prices, higher quality, and increased output of goods and services, all of which are beneficial to consumers. The Antitrust Laws protect competition in three ways:

- by forbidding collusion among competitors and anti-competitive arrangements within the supply chain,
- by overseeing the acquisition and sale of companies as well as other business combinations, and
- by forbidding the abuse of a dominant market position.

Although the above principles are embodied in the majority of Antitrust Laws around the world, there is no singular global competition statute. Gates recognizes that certain countries have adopted more lenient Antitrust Laws and enforcement regimes than the U.S. and certain other regions in which Gates conducts business. However, even where the laws may be permissive, Gates requires compliance with the highest legal standards as outlined in these Global Antitrust Principles. Further, as many countries, including the U.S., have expanded the application of their Antitrust Laws outside their geographic borders, Gates Personnel may be subject to multiple Antitrust Laws in performing their job duties.

3. COLLUSION AMONG COMPETITORS

Any kind of concerted actions, informal talks, or “gentlemen’s agreements” between competitors that are intended to restrict competition, or may have the effect of doing so, are prohibited. For purposes of the Antitrust Laws, a “competitor” is any company which directly competes with another company on a specific product line or service. Even the *appearance* of collusion or participation in an unlawful

agreement with competitors, regardless of intent, is prohibited under these Global Antitrust Principles. The major types of antitrust violations involving collusion between competitors include:

- **Price-Fixing** is an agreement between competitors to set prices. Gates refuses to discuss current or future prices or pricing formulas with its competitors. In the event a competitor is also a customer, Gates Personnel must limit any discussion of pricing strictly to those terms governing the sale of products to that particular entity acting in its capacity as a *customer* of Gates.
- **Allocation of Markets/Customers** is an agreement between competitors to divide or allocate individual customers or markets (usually by geographic location or product type) and abstain from selling into the other company's defined market or customer group. It is prohibited to collude with competitors to divide markets, customers, or product offerings in order to decrease competition. Any commercial agreement involving a non-compete must be reviewed by the Gates Law Department.
- **Bid-Rigging** occurs when bidders act in concert to determine the winning bid and thereby eliminate competition. Any form of bid-rigging, including any discussion with a competitor regarding either company's current or future bids, bidding procedures, or participation in a specific bid event, is expressly prohibited.
- **Boycotts** are agreements between competitors to collectively refuse to do business with a targeted company, or to only conduct business with such company on certain conditions. Boycotts can occur at any level of the supply chain and companies must be careful to avoid facilitating or participating in boycotts organized by its customers or suppliers. Any decision not to deal with a third-party should be made internally and based on legitimate business reasons.

3.1 Guidelines for Interactions with Competitors

To avoid even the appearance of illegal conduct, Gates Personnel must take extra precautions when attending meetings or events where competitors will be present. Trade associations are a prime example of meetings involving competitors and, although beneficial for the industry and consumers, may create antitrust risks for any company or employee involved. Gates Personnel must adhere to the following guidelines when attending meetings or otherwise interacting with competitors:

- Any participation in trade associations or industry groups must be approved by the Gates Law Department.
- Conversations regarding prices, markets, customers, volumes, etc. must be avoided during these meetings.
- If the discussion turns to an inappropriate topic, Gates Personnel are required to voice their objection, leave the meeting, and inform the Gates Law Department immediately.

- When dealing with a customer or supplier that is also a competitor, focus any communications about prices or competitive information on those actually required for prospective buyer-seller transactions.
- Gates Personnel are required to contact the Gates Law Department when entering into or contemplating any agreement with a competitor, even if the subject matter of the transaction falls outside the area in which the companies compete.

4. ANTI-COMPETITIVE ARRANGEMENTS WITHIN THE SUPPLY CHAIN

It is Gates' policy to deal with customers and suppliers fairly and in a manner that best advances the competitiveness of Gates' products and services. Gates Personnel must observe the following guidelines when engaging in business transactions within Gates' global supply chain.

- **Resale Price Agreements** restrict the ability of distributors and wholesalers to set downstream resale prices for the products it sells. Gates unilaterally sets the terms of its own pricing policies, but prohibits any agreement or discussion with its customers or distributors regarding their adherence to such policies or the downstream resale prices of Gates' products.
- **Restrictions on Customer's Use or Resale of Products** by the seller after title passes to the customer can create unlawful restrictions on trade within the supply chain. Any agreement or clause restricting the ability of a customer or distributor to use, sell, or re-sell a Gates' product must be approved by the Gates Law Department.
- **Seller Participation in Customer Meetings** where two or more customers are present creates a risk under the Antitrust Laws because the seller could be in a position to facilitate collusion or other anticompetitive behavior amongst downstream competitors. Gates Personnel should only discuss pricing, territories, addition/termination of customers, etc. with individual customers and report any suspected coordination amongst Gates' customers or distributors on the forgoing topics to the Gates Law Department immediately.

5. COMPLIANCE WITH MERGER & ACQUISITION GUIDELINES

Business divestitures, acquisitions and joint ventures generally require the approval of domestic and foreign antitrust agencies once the volume of the deal reaches a particular threshold. Failure to follow the corresponding registration requirements can result in steep fines and, more particularly, render the deal null and void. In order to ensure that registration requirements are adequately accounted for during planning, the Gates Law Department must be alerted as soon as possible when considering these types of corporate transactions.

6. ABUSE OF MARKET POWER

The behavior of companies with dominant market positions is subject to particularly strict antitrust controls to ensure those companies do not abuse their market power. Violations of the Antitrust Laws

occur when a company acts to obtain or preserve its monopoly power or dominant market position by some method other than legitimate competition. Companies with a dominant market position may not deliberately:

- undercut competitors' prices with the aim of driving them out of the market;
- execute agreements with customers that contain contract periods, exclusive arrangements, discount offers or package deals that make it impossible for their competitors to vie for the same customers' business; or
- demand prices that are not economically justified.

Gates Personnel should consult with the Gates Law Department any time they suspect that certain steps are being taken or certain terms enforced because of a dominant market position.

7. CONCLUSION

- **Duty to Report** - You are required to immediately report any actual or suspected violations of the law or these Global Antitrust Policies. Gates does not permit retaliation of any kind for any report made in good faith of an actual or potential instance of illegal or unethical misconduct.
- **Reporting Channels** - A report may be made to: (i) a member of the Gates Law Department, (ii) compliance@gates.com, or (iii) the Gates Ethics and Compliance Hotline. Please consult the Gates Code of Business Conduct and Ethics for details on contact information.
- **Individual Compliance Obligations** – While all Gates Personnel are required to adhere to these Global Antitrust Principles, your individual business dealings within Gates may impact more than one country and, therefore, may be subject to the Antitrust Laws in multiple jurisdictions. Thus, you must not only be familiar with these Global Antitrust Principles, but also with local laws and Gates' regional policies as they may apply to you.