

COMPETITION COMPLIANCE STATEMENT

We recognise the importance of ensuring that Subsea UK and the subsea industry as a whole is and remains compliant with competition law and anti-trust law. We also want to be able to demonstrate to our members, partners and regulators that we encourage competition in the UK subsea market fairly, lawfully and with integrity at all times.

This statement describes the general principles which underlie competition law and principles with which we abide and encourage our members to abide by. This statement should be regarded as a tool which raises awareness to promote and support compliance with competition law.

Overview of the law

Competition law in the UK is primarily contained in the Competition Act 1998, which brings into force certain EU competition rules from the Treaty of the Functioning of the European Union. The object of these competition laws is to:

- prohibit agreements or contracts which seek to restrict competition;
- prohibit abuse of a dominant position in a market; and
- make hardcore cartel activity a criminal offence.

Although competition law is generally enforced worldwide, there is no single global competition statute. All members and employees of Subsea UK should be aware that, wherever they do business in the world, they need to comply with relevant national competition laws. In particular, dealings in the US may be subject to federal and state anti-trust laws. In this respect it is important to recognise that actions taken in one country may have an impact in others, and certain actions can be subject to the laws of various countries.

The Competition and Markets Authority ("**CMA**") is the main regulator and enforcer of competition law in the UK, responsible for investigating potential breaches of competition law and relevant merger situations which may substantially lessen competition in a particular market.

Penalties for breaching competition law are severe, and include:

- fines of up to 10% of **global** turnover;
- contracts being considered null and void, which means they cannot be enforced;
- criminal liability punishable by imprisonment and / or fines (this extends to individuals involved in cartel activity);
- disqualification of directors;
- reputational damage; and
- lengthy and costly regulatory investigations.

Regulatory investigations in particular can impact a whole industry, as often competitors, suppliers, customers and trade associations are required to assist and input into an investigation into one party. The CMA also has the power to conduct market-wide investigations into competition.

Due to the severity of the potential sanctions which may be enforced as a result of a breach of competition law, it is of utmost importance that any member of Subsea UK suspecting any potentially breaching behaviour reports this to the Chief Executive of Subsea UK as soon as possible.

Competition law and the UK subsea industry

Subsea UK’s role is to promote and champion the UK subsea industry. Facilitating the sharing of information and market intelligence between parties that could be considered competitors is a significant part of this role. This work is essential for our legitimate purposes of identifying issues within the industry which require to be addressed, identifying new opportunities for all of our members, and encouraging collaboration between parties which can benefit the market as a whole.

We recognise that the sharing of commercially sensitive information between competitors which may influence the independent determination of commercial strategies is often an indication of prohibited co-ordination or a cartel.

We encourage our members to follow the guidelines below to ensure that competition compliance is maintained in balance with the fulfilment of our legitimate functions. The examples in this list are not exhaustive.

Appropriate	Not Appropriate
<ul style="list-style-type: none"> Discussions between parties who do not directly compete with each other 	<ul style="list-style-type: none"> Closed discussions between parties who are direct competitors about other competitors, suppliers and customers
<ul style="list-style-type: none"> Discussions about non-confidential or non-sensitive information (such as publically available information about issues affecting the industry as a whole) 	<ul style="list-style-type: none"> Discussions about confidential or commercially sensitive information not in the public domain (such as private pricing information, sales or customer information, or trade secrets)
<ul style="list-style-type: none"> Entering into non-exclusive agreements. Exclusive agreements are not prohibited but should be balanced and not contain any hardcore anti-competitive restrictions 	<ul style="list-style-type: none"> Binding a customer or supplier to unreasonable exclusivity conditions
<ul style="list-style-type: none"> Independently determining which customers / territories to pursue 	<ul style="list-style-type: none"> Colluding with a direct competitor to each only pursue certain customers / territories (i.e. carving up the market)

Appropriate	Not Appropriate
<ul style="list-style-type: none"> Independently entering bids / tenders for opportunities, or working with other parties on bids where you cannot submit an independent bid 	<ul style="list-style-type: none"> Deciding with a competitor to set agreed prices and other conditions for bid (or “bid-rigging”), and each agreeing to only pursue certain bids (carving up bids)
<ul style="list-style-type: none"> Independently deciding not to work with a particular customer or supplier for objectively justifiable reasons (such as a negative credit check) 	<ul style="list-style-type: none"> Agreeing with other parties to “boycott” a particular customer or supplier to drive them out of the market for no objective reason
<ul style="list-style-type: none"> Collaborating with other parties to develop and produce new technologies, which all parties involved are free to exploit commercially 	<ul style="list-style-type: none"> Developing technology based on information which was improperly obtained from a competitor
<ul style="list-style-type: none"> Setting prices based on independent market conditions, or depending on the existing relationship / arrangement with a specific customer 	<ul style="list-style-type: none"> Agreeing with a competitor to set prices for the market, or to otherwise work together to influence the price (such as limiting production to increase demand and, as a result, prices)

Industry Meetings Disclaimer

Subsea UK regularly facilitates meetings and events between members and other organisations involved at each level of the UK subsea supply chain in pursuance of our legitimate interests as a representative body of the industry. Discussions at these meetings should be open and conducted in accordance with the guidelines set out in our Competition Compliance Statement.

Members acknowledge that the role of Subsea UK in respect of industry meetings and events is to act as a neutral facilitator of discussions on issues affecting the industry as a whole. Subsea UK does not take ownership of, or responsibility for, any individual or collective decision or action that may be made and / or agreed between members, whether in attendance at a meeting or event organised by Subsea UK or otherwise. Unless expressly confirmed by Subsea UK in writing, any decision made as a result of the discussions at a Subsea UK meeting or event is not condoned or agreed to by Subsea UK.

 : +44(0)845 505 3535
  : info@subseauk.com
 www.subseauk.com

Subsea UK, 26 Abercrombie Court, Prospect Road, Westhill, Aberdeenshire, AB32 6FE