

Anti corruption



Group Competition Law Policy

Policy purpose and values

To set out the principles and standards, which all individuals to whom this policy applies are expected to uphold, to ensure that the Renishaw Group of companies operates in accordance with competition laws.

Scope

This policy explains the risks relating to competition law and informs employees and wider stakeholders what they should and should not do to ensure we all continue to act with integrity. It applies to all business dealings and transactions in all of the countries in which the Renishaw Group is operational.

Policy statement

Renishaw is fully committed to complying with competition laws at all times. The Renishaw Group does not condone any activity that might prevent, restrict or distort competition and Renishaw seeks to preserve healthy competition by operating fairly and transparently in open and competitive markets.

Responsible parties

Group Legal: drafting and maintaining this policy

Regional Heads of Legal and General Counsel: promoting this policy locally

Directors / Managers: ensuring direct reports and personnel to whom this policy applies, comply with this policy

Table of contents

Section	Page
Why does competition law matter?	2
Who does this policy apply to?	2
Roles and responsibilities of Group and Local Champions	2
Key risks to Renishaw	3
Key consequences to Renishaw	6
Key controls to manage the risks	7
In practice at Renishaw – at a glance – dos and don'ts	8

Policy number	Issue number	Effective date	Author	Owner
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HR109-02	02	07/03/2022	Amy Watson	Jacqueline Conway
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1. Why does competition law matter?

1.1 The importance of competition law

The purpose of competition law is to preserve healthy competition by ensuring that businesses operate fairly and transparently in open and competitive markets. All businesses, their customers and suppliers, need to be aware of the rules to avoid breaching competition law or becoming victims of others' anti-competitive behaviours. There are serious consequences for getting it wrong: including large fines, unenforceable contracts and criminal liability for directors.

1.2 Doing business in line with competition laws

Renishaw is fully committed to complying with competition laws at all times and does not condone any activity that might prevent, restrict or distort competition. It always seeks to compete honestly and transparently in accordance with the best practice set out in this policy. Renishaw uses external specialist competition lawyers to support its compliance and provide specialist advice in this area.

2. Who does this policy apply to?

This policy applies to everyone working at Renishaw. All directors, employees, temporary personnel, contractors, consultants, intermediaries and third parties acting on behalf of any Renishaw Group company (under the Renishaw Group Control Manual) are required to follow this policy. This policy applies to all business dealings and transactions in all of the countries in which the Renishaw Group is operational. Renishaw reserves the right to take disciplinary action against any employee who does not comply with this policy.

3. Roles and responsibilities of Group and Local Champions

Renishaw has appointed Group and Local Champions to promote and enforce competition law compliance across the Renishaw Group. Please see the different key responsibilities of the Group and Local Champions set out in the table below:

Area	Group Champion	Local Champions
Policy	<ul style="list-style-type: none"> Drafting the policy Reviewing the policy on an annual basis Ensuring the latest version of the policy is on the Intranet Issuing guidance notes on specific topics covered by the policy 	<ul style="list-style-type: none"> Promoting the policy locally Issuing local guidance notes on specific topics covered by the policy, which may reflect local laws and practices
SharePoint	Maintaining SharePoint pages on competition law issues/know-how	Adding any local competition law issues/know-how to local SharePoint pages
Comms	Communicating with Local Champions and colleagues on competition law issues	Communicating with local business colleagues on competition law issues
Face to face training	Organising annual training for senior stakeholders at Group and helping to prepare training materials	Promoting training - conducting one training session with the regional president and his/her direct reports once a year
E-learning	Developing e-learning for all staff	Promoting e-learning – and ensuring the regional president and his/her direct reports complete the training in a timely manner

Dawn raids	Providing annual dawn raid training for receptionists at the Gloucestershire sites and the head security guard at New Mills	Promoting dawn raid procedures and any differences locally – and ensuring all local offices (or their reception areas) are trained and sent a copy of the procedures at least once per year
Legal advice	Providing advice on competition law for Group colleagues via access to external specialist legal counsel Escalating competition law issues to the Group General Counsel (as required)	Providing local advice on competition law issues for subsidiary colleagues via access to external specialist legal counsel









4. Key risks to Renishaw

Competition law has a wide scope. It extends beyond the obvious examples of anti-competitive behaviour between competitors, such as: cartels, price fixing and customer allocation. It captures other interactions between competitors and arrangements between companies operating at different levels of the supply chain, such as:

- pricing and territorial restrictions imposed on distributors; and
- information exchanged with competitors (including with third parties who may act as a conduit), and whether in an informal or formal setting, or at industry groups.

Some of the key competition law risks which Renishaw must manage include the following:

At a glance

A. ANTI-COMPETITIVE AGREEMENTS		
<i>Dealing with competitors</i>		
1.	Price fixing - ensuring there is no discussion about pricing or fixing prices with a competitor	
2.	Bid rigging (tenders) - never discussing current or prospective tenders or contracts with competitors (including how much Renishaw has or intends to bid)	
3.	Dividing the market / allocating customers - never agreeing allocation of customers with competitors or geographical territories of supply	
4.	Information exchange - ensuring that no commercially sensitive information (whether in an informal or formal setting) is shared with competitors, including OEMs	
<i>Dealing with non-competitors</i>		
5.	Seeking sensitive information - not seeking information about competitors from customers (or via third parties)	
6.	Distribution agreements and agreements with customers / suppliers - not controlling distributors by territory, price, scope of supply and /or customer. Taking care and speaking to Legal about any exclusive arrangements or 'non-compete' terms / terms which might restrict supply	
7.	IP - review of certain exclusive intellectual property arrangements	
B. ABUSE OF DOMINANCE		
	Abusing a dominant* market position to exclude rivals or exploit customers (e.g. by imposing unfair trading terms) *Check with Legal to see whether there is a risk of dominance	

4.1 Anti-competitive agreements

Competitors

(a) Which types of agreement / arrangements are caught:

- ✓ written agreements, trade association decisions, oral agreements or even understandings and concerted practices
- ✗ intra-group agreements

(b) Key issues in practice:

- **Classic cartels** - **BEWARE of** any price fixing, customer allocation, bid rigging, limiting supply, dividing markets – these are all deemed serious cartel behavior.
- **Information exchange** - **TAKE CARE with** any information exchange, whether in formal meetings, social settings, at industry groups, or via third parties acting as a go-between.
- **Customer / supplier and licensing relationships** - **TAKE ADVICE before** entering into any exclusive arrangements, or non-compete terms, or pricing restrictions, including in the context of licensing arrangements.
- **Co-operation and JVs** - **WATCH OUT for** circumstances that may not feel as obvious in terms of illegal behaviours, such as involvement in trade associations and industry groups, any joint selling or marketing and participation in common standards.

(c) Information exchange – the risks:

Exchanging, or seeking sensitive information with or from competitors is a form of anti-competitive behaviour. It may enable companies to co-ordinate market behaviours, or to predict rivals' future behaviour. Whether information is competitively sensitive is very context specific, but in general terms:

High risk information	current or future non-public, strategic information (e.g. future pricing or elements of pricing, margins, costs, trading terms, returns or volumes, marketing strategies, or confidential plans to enter (or withdraw from) a particular market.
Medium risk information	non-public data on demand, customers and or targets
Low risk information	information that is already in the public domain historic and not strategic information

Please also take note that:

- involvement in trade associations requires special care
- indirect information sharing (via a third party) is also problematic
- gathering of information to “compete better” is not an excuse

(d) OEMs – what to do when your customer is also a competitor:

It is common to have customers that are also competitors (some of Renishaw's OEMs are both our customers and our competitors). You need to be much more cautious when dealing with a customer who is also a competitor. It's also more important to keep good records of communications so that you can evidence matters discussed and the origin of any information, if questioned in future. In summary:

- ✓ it's ok to have normal supplier-customer discussions – but limit the scope of conversation and minute meetings to evidence
- ✗ avoid any broader strategic discussion (e.g. about trends in the OEM market, respective customers)

Non-competitors

When dealing with customers and suppliers, who are not competitors, there are three main areas of potential concern:

(a) Pricing

- ✗ Renishaw cannot dictate or restrict a distributor or reseller's ability to determine its own sale prices.
- ✗ This applies whether the restriction is direct or achieved indirectly (e.g. by fixing the distribution margin, linking to competitors' resale prices, threatening to withhold supplies or other penalties for failure to observe certain prices, or making the grant of rebates conditional on observing certain price levels).
- ✓ Recommended selling prices and maximum selling prices are considered acceptable (provided these do not amount to fixed or minimum selling prices as a result of any indirect measures).



(b) Resale restrictions - in general terms, distributors and resellers must be free to sell where and to whom they wish within the EU. Renishaw cannot place any direct restrictions (e.g. a contractual clause) or indirect restrictions (e.g. withdrawal of discount or other punitive measure).


(c) Exclusivity and 'non-compete' terms – it is generally acceptable to agree an exclusive distribution or a 'non-compete' term provided: (i) Renishaw's market share is not more than 30%; (ii) there is no 'resale price maintenance' or territory / customer group restriction; and (iii) a non-compete is no longer than five years.

4.2 Abuse of dominance

A business can be deemed to be in a 'dominant' position where its market share is in the region of 35 – 40 % (or higher). This gives it a position of market power, potentially allowing the company to operate substantially independently of its competitors or customers. Dominance itself is not prohibited under competition laws, there needs to be an '**abuse**' of that dominance. Certain practices become illegal (or 'anti-competitive') where a company has a higher market share and it **abuses** its strong position, for example, using a dominant position to exclude rivals (notably new entrants to a market) or to exploit customers. (NB: conduct may not be deemed abusive if it can be **objectively justified*** - one example being a decision to stop dealing with a counterparty if they are a credit risk.)

The three-step assessment to understanding dominance:

ASSESSMENT CRITERIA	FACTORS TAKEN INTO ACCOUNT - ANALYSIS
Defining the market 	<ul style="list-style-type: none"> • product market - carefully consider the specific product market for the product in question • geographic market - look at where customers are located; are there any regulatory / language barriers • process - an economic analysis will be looked at, including internal documents and relevant previous cases
Assessing dominance 	<ul style="list-style-type: none"> • percentage market share is a useful first indication <ul style="list-style-type: none"> ○ below 25% - dominance highly unlikely ○ 25 – 40% - dominance unlikely, a quick analysis of market context required ○ 40-50% - dominance significant, a full analysis of all parameters of competition on the market required ○ 50%+ - dominance presumed, an analysis of limited available exceptions needed • scale and resources of competitors, buyer power, barriers to entry also need to be considered.
	<ul style="list-style-type: none"> • There is no exhaustive list and what is deemed 'abusive' conduct is

Assessing conduct 	<p>continuing to develop</p> <ul style="list-style-type: none"> • As a general rule - conduct that is likely to exclude competitors or exploit customers is considered abusive • Examples of abuse of dominance include: <i>excessive pricing, predatory pricing, refusing or stopping supply to an existing customer, tying or bundling, discriminating between customers, exclusivity or obligations with a similar effect such as loyalty rebates.</i>
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Renishaw must take greater care in its interactions with customers and behaviours towards its distributors and competitors in markets where it holds a strong position. For example, where Renishaw's market share is higher it needs to take care with its pricing strategies and any refusals of supply to particular customers. Please speak to Legal in the first instance if you have any questions or concerns.

****objectively justified – any objective justification needs to be carefully discussed, in advance, with Legal and our external specialist legal counsel. There are very narrow and specific criteria which need specialist assessment. Please contact your local Renishaw lawyer for specific advice.***

5. Key consequences to Renishaw

The consequences of breaching competition laws are serious. If it is established that Renishaw has been involved in the infringement of competition laws, consequences for the company and individuals could include the following:

At a glance

1.	Reputational damage - which could affect the share price and how we are perceived by our customers, employees, suppliers, shareholders etc.	
2.	Lengthy investigations by supervisory authorities and/or dawn raids – entailing huge amounts of management time and expense	
3.	Substantial fines - up to 10% of global annual turnover under EU and UK law	
4.	Potential disqualification or criminal prosecution - of directors and/or employees, which may result in fines or imprisonment	
5.	Prohibition from participation in public tenders / restrictions on future conduct	
6.	Contracts being declared unenforceable	
7.	Dawn raids – unannounced investigations by the local supervisory authorities	
8.	Further litigation – follow-on standalone litigation or findings by the Competition and Markets Authority (CMA)	

5.1 Reporting a breach of competition law – how to ‘Speak Up’

If anyone working for Renishaw becomes aware of, or believes (in good faith) that, a breach of competition law is about to be, or has been, committed involving a Renishaw Group company, they must report this immediately either to the: Group General Counsel and Company Secretary, or via the Renishaw whistleblowing hotline, called **Speak Up**.

Please find details about Renishaw's Speak Up programme and how to report via the following link. Note that Renishaw operates a strict non-retaliation policy when a genuine concern has been reported in good faith: [Speak Up \(renishaw.com\)](https://www.renishaw.com/speak-up)







5.2 Dawn raid procedure


A dawn raid is one of the investigatory powers that the supervisory authorities can use when they have reasonable grounds to suspect that there has been a breach of competition law rules. A dawn raid does not mean that the supervisory authority knocks on the door at 5am, but representatives can arrive unannounced (often early in the morning) and have no obligation to give advance notice of an investigation if a business is suspected of participating in infringement. The dawn raid may be conducted with or without a warrant. The supervisory authority can enter business premises and, for example, examine company books and records, take copies of key information, ask for oral explanations on the spot and take away computers and electronic devices. It is a criminal offence to obstruct an officer carrying out an on-site investigation. The most important things to remember for any dawn raid are to: (i) remain calm and courteous; and (ii) escalate appropriately.

6. Key controls to manage the risks

Renishaw has various key controls in place to help ensure it remains compliant with competition laws at all times, these include:

At a glance

	KEY CONTROL		RESPONSIBILITY
1.	Seeking specialist legal advice (Group and Local) - please see more details below		<ul style="list-style-type: none"> • Design: Group Legal • Implementation: Group Legal & Regional Heads of Legal / General Counsel • Monitoring: Group Legal
2.	Face to face awareness training established for senior managers and refresher training for wider teams - Group Legal organise regular face-to-face annual training on competition law compliance at Renishaw for all directors and senior business leaders. Refresher and electronic training is also being rolled out for wider staff working in relevant areas.		<ul style="list-style-type: none"> • Design: Group Legal • Implementation: Group Legal & Regional Heads of Legal / General Counsel • Monitoring: Internal Audit
3.	Dawn raid procedure and timely escalation of any incidents - Renishaw has an established Dawn Raid Procedure and relevant staff are trained in what to do in the event of a dawn raid by supervisory authorities.		<ul style="list-style-type: none"> • Design: Group Legal • Implementation: Group Legal & Regional Heads of Legal / General Counsel • Monitoring: Internal Audit
4.	Action plan - Renishaw has implemented an action plan (informed by regular risk assessment) to ensure continuing compliance across the Renishaw Group of companies in all aspects of competition law.		<ul style="list-style-type: none"> • Design: Group Legal • Implementation: Group Legal • Monitoring: Internal Audit
5.	Renishaw Competition Law policy - Renishaw maintains a relevant policy and this policy is updated annually.		<ul style="list-style-type: none"> • Design: Group Legal • Implementation: Group Legal • Monitoring: Internal Audit
6.	Having the right to scan emails - in the event of an investigation, or potential infringement, Renishaw may need to search written records.		<ul style="list-style-type: none"> • Design: BSD, Group Legal • Implementation: BSD • Monitoring: BSD

<p>7. Appointment of Group and Local Champions - Renishaw has appointed key individuals across the business to communicate and help to enforce the importance of complying with competition laws. Please refer to the key responsibilities of the Group and Local Champions under paragraph 3, above.</p>		<ul style="list-style-type: none"> • <i>Design: Group Legal</i> • <i>Implementation: Group Legal & Regional Heads of Legal / General Counsel</i> • <i>Monitoring: Internal Audit</i>
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Seeking legal advice

Please speak to Legal if you are unsure if a practice or activity constitutes anti-competitive behaviour. The Legal team comprises lawyers at the Head Office in the UK (the Group Legal team); as well as regional lawyers (Regional Heads of Legal / General Counsel) who look after the local markets. Current Legal team contact details can be found here: [Meet the Team \(sharepoint.com\)](#)

Regional Heads of Legal / General Counsel

There are likely to be differences in local laws and practice. Please seek local advice from your local Renishaw Head of Legal / General Counsel if you are based outside the UK:

Americas: Rob Chernoff (General Counsel – Americas)	APAC: Tony Lim (Head of Legal – APAC)
EMEA: Hatice Akkoc (Head of Legal – EMEA)	

Group Legal

Renishaw Group Legal retains specialist competition law advisors whose advice can be sought where required. Please speak to Group Legal if you need access to our advisors. Regular training sessions on competition law compliance are scheduled throughout the year. See the Group Legal SharePoint pages for recordings of the latest training sessions and wider practice notes on competition law in the UK/EU: [Renishaw Legal Training Videos \(sharepoint.com\)](#)



- December 2020 – General update on Competition Law
- January 2021 – EMEA Competition Law, distributors and resellers
- November 2021 – IP and Competition Law

7. In practice at Renishaw

Please follow the key ‘dos and don’ts’ set out below at all times, which provide practical examples of compliant and best practice. **The table below is not intended to provide comprehensive legal advice on competition law.**



If you have concerns about any activity, then you should seek detailed advice from Legal in the first instance.

7.1 Key – dos and don’ts – ALL STAFF



 DOs	 DON'Ts
<p>Read this policy and complete any competition law training assigned to you</p>	<p>Price fixing Do not seek to control the pricing of, or impose geographical restrictions on, distributors or resellers without Group Legal’s approval.</p>
<p>Be mindful of the language you use in emails and documents Don’t use language that might appear anti-competitive (even in jest) e.g.: “<i>let’s try and work together to push [x] out of the market.</i>”</p>	<p>Disclose information about a tender Do not discuss current or prospective tenders or contracts with competitors (including how much Renishaw has or intends to bid).</p>

<p>You may use publicly available information about a competitors' business</p> <p>You can also accept information genuinely volunteered by customers as to what competitors are doing, including prices or offers, but take care and keep a careful note of the meeting and the source of the information. And you must not verify this information with the competitor.</p>	<p>Exchange taboo information</p> <p>Do not discuss or exchange any of the following with OEMS or competitors: price information (e.g. actual prices, trends, proposed changes, calculations, discounts, price increase, reductions or rebates), customer lists, production costs, quantities produced, statistics around sales, capacity and forecasts, margins and profitability, marketing plans, commercial strategy /risk analysis, investments or investment plans.</p>
<p>Prepare a written agenda and circulate in advance of a meeting with a competitor</p> <p>Discuss the draft agenda with Group Legal if you have any concerns. Once the meeting is underway keep an accurate record. Share minutes with your usual legal contact.</p>	<p>Divide the market</p> <p>Do not discuss market share, or territories or regions of supply with a competitor. Or enter into any arrangement or agreement to share, divide, allocate geographic markets, categories of customer or market sectors.</p>
<p>Take care in informal settings</p> <p>Do not inadvertently share sensitive information with competitors or OEMs in informal settings, such as over drinks or at trade shows.</p>	<p>Continue with a meeting if you have concerns</p> <p>If you feel another party is acting in a way that is contrary to Renishaw's competition law policy, leave the meeting and ensure your objection and absence is recorded. Inform Legal and management as soon as possible.</p>

7.2 Key – dos and don'ts – RECEPTION AND SECURITY STAFF

 DOs	 DON'Ts
<p>Dawn Raid procedure</p> <p>Keep the 1-page action list of what to do in a dawn raid to hand at all times. Be familiar with the key steps.</p>	<p>Leave the investigator unaccompanied</p> <p>Do not allow the investigator(s) to wander the premises unaccompanied by a Renishaw representative.</p>
<p>Ask for ID and be polite</p> <p>Ask the investigator(s) for ID and who they represent, be polite and professional and ask them to take a seat in reception.</p>	<p>Engage in conversation</p> <p>Be polite but do not engage in conversation with the investigator(s).</p>
<p>Know your Renishaw key contact</p> <p>Know who to contact within Renishaw in the event of a dawn raid and contact them without delay.</p>	<p>Handing over of Renishaw information</p> <p>Do not hand over any Renishaw information to the investigator(s) without the prior approval of Renishaw legal (and only in copy format).</p>

7.3 Key – dos and don'ts – DIRECTORS, MANAGERS, SENIOR LEADERS

 DOs	 DON'Ts
<p>Read this policy and complete any competition law training assigned to you</p>	<p>Practical team management points</p> <p>If negotiating a commercial supplier deal with a competitor limit information sharing even more carefully than usual. Do not have large teams. Limit the channels of communication (i.e. to a few named contacts). Keep accurate records.</p>
<p>Stay close to Legal</p>	<p>No below cost service</p>

<p>Always seek advice if unsure. Please see SharePoint pages for up to date contact details for the Renishaw Legal team, via the link at paragraph 6 (Seeking legal advice) above.</p>	<p>Do not provide services below cost to drive competitors out of the market.</p>
<p>Enforce this policy Remind your reports of the importance of complying with competition law and enforce this policy in practice. Highlight the “do’s and don’ts” of best practice.</p>	<p>New market entrants Do not have discussions or make plans with competitors to keep new entrants out of the market.</p>
<p>Keep legal advice safe Keep any emails of legal advice in separate confidential folders marked: ‘Privileged and Confidential’.</p>	<p>No strategic agreements with competitors Do not discuss customers with a competitor or agree between you which customers to ‘go after’.</p>
<p>Know your market share Know which parts of the policy are most relevant to your part of the business and understand how the policy applies. Have a contemporaneous understanding and awareness of Renishaw’s market share in product lines for which you are responsible.</p>	<p>No information requests about competitors Do not ask customers to provide information about competitors or oblige customers to tell you if lower prices have been quoted by competitors so that you can match them (unless approved by your Renishaw legal contact).</p>