

EDANA
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COMPETITION GUIDELINES

These guidelines are the EDANA trade association antitrust guidelines dealing specifically with any activity organized under the auspices of EDANA.

These guidelines do not replace in anyway the specific antitrust guidelines of member companies.

Member companies are strongly advised to adopt and implement such guidelines.

13th February 2004

INTRODUCTION

EDANA (European Disposables and Nonwovens Association) is an association created in 1971. It represents, protects and actively promotes the common interests of nonwovens and absorbent hygiene product industries and their suppliers in Europe, Middle East and Africa. The purpose of this Association is, in particular, to promote, encourage and coordinate the study of all scientific, technical and economic problems concerning the disposables and nonwovens industries and to seek and apply relevant solutions.

Within this framework, EDANA and its Member companies are committed to full compliance with EC Competition law and any other applicable antitrust laws¹ (hereinafter referred to as “Competition law”). Among other things, Competition law forbids any agreement between or among competitors, decisions by associations of undertakings and concerted practices regarding prices, terms of sales, division of market, allocation of customers or any other activity that restrains competition. Intentional or negligent violation of Competition law can lead to substantial fines².

Compliance with Competition law is EDANA policy. Accordingly, under no circumstances will EDANA directly or indirectly be involved in conduct that leads to or implies agreement among its members that would restrain trade and/or otherwise violate Competition law. This policy is not subject to exception, qualification or compromise.

These Competition Guidelines (hereinafter referred to as “the Guidelines”) have therefore been drafted in order to help EDANA Members to comply with Competition law.

Above all, the Guidelines are intended to alert EDANA participants and employees to potential competitive problems and set forth policies to be followed with respect to EDANA activities that may involve antitrust considerations.

The Guidelines are not exhaustive. Failure to state that certain conduct is prohibited must not be construed to mean that it is permitted. In this respect, it should be noted that it is impossible to provide an exhaustive list of objectionable discussion topics as the competitive significance of many issues is dependent upon the context in which they are raised. However, it is EDANA’s strict policy to follow a prudent rule in relation to antitrust issues. Therefore, no commercial topics outside the scope of EDANA’s mission should ever be acted upon, or even considered, at EDANA meetings and gatherings.

In order to ensure that EDANA and its Member companies fully comply with Competition law, EDANA adopts the Guidelines and expects its Members to act in accordance with its provisions.

¹ These Guidelines intend to focus on the main requirements resulting from EC Competition laws. However, other applicable antitrust laws, as the case may be, contain the same prohibitions.

² In the EU, the European Commission can impose fines of a maximum of 10% of the annual worldwide turnover according to the severity and duration of the violation. In the USA, violation of the US antitrust law may be also subject to very substantial fines in the amount of millions of USD and prison terms for those involved.

DO

- ***A competition law warning should be provided verbally and/or in writing by the Secretary General (or a member of his staff) at each relevant EDANA meeting.***

The following text is suggested as a model:

“Competition law prohibits concerted practices between competitors which may have as their object or their effect, the prevention, restriction or distortion of competition.

We are requested to strictly follow the meeting’s agenda and abstain from exchanging, discussing or disclosing competitively sensitive information. Of course, this prescription remains valid outside of the scope of this meeting.

For your information, intentional or negligent violations of competition law provisions can lead to substantial fines for any company that commits, or is part of, such a violation.”

A copy of the Guidelines should be made available to every participant prior to his/her first participation in an EDANA meeting, and a verbal reminder of these Guidelines should be given at the start of every meeting.

To ensure the fulfillment of Competition law requirements, EDANA Members’ must acknowledge and fully respect the Guidelines.

- ***The Secretary General (or a member of his staff) shall supervise each EDANA meeting.*** It is of the utmost importance that during the EDANA meetings the Secretary General acts as a safeguard that prevents or puts a stop to any behaviour which may lead to Competition law violations.

While the Secretary General will provide guidance on antitrust matters, it is ultimately the Members’ responsibility to ensure that actions, discussions and exchange of information comply with Competition law.

Representatives of EDANA Member companies are therefore expected to avoid discussions and activities that may involve improper matters or procedures.

- ***EDANA and its Members shall strictly follow the agenda and take accurate minutes at every meeting.*** For each meeting, an agenda must be developed and provided in advance to each attendee, together with an invitation to attend the meeting.

Participants at the meetings should adhere strictly to the agenda and confirm all relating discussions to the formal meeting. Accurate minutes reflecting the discussions must be taken at each meeting and timely distributed to all Members, for approval at the next meeting.

- ***EDANA shall strictly maintain its statistical activities within the scope of the information to be collected and distributed, as defined by the EDANA Board of Governors.***

- ***EDANA and its Members shall not hesitate to ask counsel for assistance each time they consider that Competition Law issues may arise.*** It is of the utmost importance that EDANA and its Members do not hesitate to turn to outside counsel whenever they deem necessary.

The assistance of outside counsel would, for instance, help the Secretary General to regulate EDANA meeting policy so that it complies with Competition law requirements.

Members should cooperate with the outside counsel of the Association in all matters, particularly when this counsel has ruled adversely about a particular activity.

<i>DO NOT</i>

- ***EDANA shall not make individual company information available.*** Dissemination of market data by a trade Association such as EDANA is considered to be lawful as long as it does not enable identification of the behaviour and/or strategy of a single competitor.

It would be unlawful for EDANA to provide information in a manner which enables Members to identify figures relating to individual operators.

EDANA shall therefore abstain from issuing statistics which can allow participants to identify the individual market behaviour of their competitors. In order to comply with this requirement, EDANA statistics shall always be grouped and aggregate figures, including at least three reporting companies.

- ***Sensitive commercial topics shall not be the object of specific statistics.*** There is particular information that may never be disclosed, even through grouped and aggregate figures.

This is particularly the case of data relating to prices which must not be exchanged until a period of 12 months has elapsed between the end of the period for which the average price of a product is calculated and the date when such information is exchanged.

This is also the case of data other than published information already published in the public domain relating to costs, discounts, terms of sales, profit margins or anything else that might affect prices.

In statistical reports, EDANA may only provide Members with general projected or indicative trends that can be derived from such grouped or aggregated figures relating to past events. General remarks on the economy as a whole or on the situation of member industries are admissible as long as they are based on objective public data.

- ***EDANA and its Members should abstain from making any recommendations on future market strategy.*** EDANA may nevertheless provide Members with statistics, estimates, reports and/or forecasts that are made public by national or international agencies, companies or trade associations. Such provisions should however not be the object of further discussions among Members.
- ***Members shall not discuss sensitive market information or other market data collected by EDANA.*** As a general rule, discussions between competitors are a very sensitive matter under Competition law. Comments about, or discussions of, market data or confidential information among competitors may be highly anti-competitive.

EDANA and its Members shall therefore prevent EDANA meetings' from becoming a forum where competitors involved in the same market discuss and comment upon individual company market data. General remarks on the industry as a whole or on the

past market conditions are admissible as long as they do not allow Members to have knowledge of the strategies of their competitors in the near future.

- ***Members shall not be allowed access to any original data provided by individual contributors.*** Market data such as those collected by EDANA in order to prepare its statistics are highly confidential. As stated in Article V of EDANA's by-laws, the Secretary General and his staff are bound to maintain this confidentiality.
- ***Members shall not attend meetings where commercially sensitive information is exchanged.*** Members shall not, at any time, discuss commercially sensitive information.

If some Members persist in discussing sensitive matters, other Members must openly distance themselves, leave the meeting and ask for this to be noted in the minutes. Should these prescriptions not be followed, competition authorities would consider that the purpose of the meeting was anti-competitive, and consequently that each present Member violated Competition law.

- ***Members shall not agree amongst themselves not to sell to a particular client.*** The collected refusal of selling is prohibited when each company does not justify a proper legitimate interest based on technical commercial or financial reasons.

Discussions or exchanges of information with any competitors regarding a decision as to whether or not to sell to a client is prohibited, should such decision be implemented or not.

- ***Members shall not agree to share or divide territories or sources of supply in order to restrict natural market competition.*** In order to comply with Competition Laws, Members shall not agree among themselves to keep out of their respective markets.

Market sharing agreements aim to divide the market(s) by territorial division or by sector of clients in establishing quotas or restrictive quantity forcing. Such agreements constitute serious infringements of Competition law.

These meetings rules apply to all meetings under the guidance of EDANA. It seems necessary to keep a copy of this Compliance Guidelines and bring it to all meetings.

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