Global Antitrust and Competition Law
Policy and Procedures
As our Code of Business Conduct states, CEVA is committed to free enterprise and fair competition. As a global supply chain company, CEVA thrives on free trade. Many countries and jurisdictions in which the Company does business have antitrust or competition laws to promote a free, vigorous, and competitive marketplace for the benefit of consumers and competition. Competition regulators have the power to impose very large fines on companies that violate the competition rules. Companies may also be sued for damages, and in some places, violating antitrust rules may be a criminal offence, and employees may be imprisoned.

For all these reasons, it is Company policy to compete in a lawful, fair, and ethical manner and to comply fully with all applicable antitrust and competition laws. We will compete for and do business solely on the basis of merit, open competition, and by providing our customers with superior service. Because “appearances matter”, each of us should avoid any conduct that might appear to violate the Company’s Antitrust and Competition Law Policy and Procedures or any antitrust or competition laws. This policy and CEVA’s antitrust training will tell you how.

This Policy is applicable to all CEVA employees globally and all companies and persons working for or on behalf of CEVA.
Competitors

Behaviour among competitors

Antitrust and competition laws prohibit certain kinds of agreements and behaviour among competitors. This section of the policy will outline some of the main rules you should remember when dealing with competitors.

Collusion with competitors (price fixing, market division, and customer allocation)

The first and most important thing CEVA must do independently is set prices. The classic example of unlawful activity among competitors is a formal or informal agreement to “fix” or “stabilize” prices – in other words, competitors agreeing on the prices they will charge instead of setting their own independent prices. Price-fixing eliminates competition and harms consumers. Not only do competition laws prohibit fixing prices, they also prohibit agreements among competitors on any terms or conditions of sale affecting prices, such as discounts, credit terms, timing or announcement of pricing changes, the use of pricing formulas or scales, and other similar items.

Accordingly, we set all prices and surcharges independently, based on our own analysis, customer input, and publicly available information. We will not discuss prices, bids, profits, allocation of customers or territories, or other terms and conditions of sale with competitors, and will never agree with any competitor on these things, either formally or informally.
Competitors

Behaviour among competitors

We will not exchange information on sensitive subjects such as fees, commissions, charges, surcharges, bids, or terms and conditions, etc., or agree with competitors to limit capacity or divide up markets or lines of business. We will not agree on or even discuss with competitors whether to charge, pass through, or mark-up any surcharges, taxes, or other costs, including those mandated by government regulations. (Under certain circumstances, it may be permissible to discuss with competitors how to comply with the technical requirements imposed by government regulations – but only if approved by the Legal Department in advance.) And we should all follow the Company’s processes on setting prices and surcharges set out in the CEVA Business Rules.
There is a new regulation applicable to our industry that will require the implementation of an operational process, a new system application and coordination with our suppliers (carriers) to comply with it. This will generate additional costs which the Company needs to decide either to transfer (or not) to our customers by setting a new surcharge and if so, at which price, as a pass-through or with "x" markup. In this context, some of our competitors start exchanging emails (you are in copy) trying to figure out what each of them are planning to do and coordinating somehow to avoid market disruption. Would this be a violation? How should you act?

Sharing pricing information among competitors is a violation of the antitrust and competition laws. CEVA is expected to set its prices, including all applicable fees and surcharges unilaterally, based on its own cost structure and its own decisions on whether to pass through any additional costs. The appropriate course of action is to contact the Compliance & Ethics department for advice on how to reply to those emails and follow CEVA Business Rules (7.2) on how to set a new surcharge.
Competitors

Information gathering
(competitive intelligence)

For every company, it is critical to be able to collect competitive intelligence in order to decide upon strategy and ensure we are competitive in the marketplace. We can only do so, however, if we follow the rules. Under CEVA policy, you may not send or receive any prices, bids, or price lists or other sensitive information to or from a competitor, directly or indirectly, in writing or in conversation.

Information about a competitor’s pricing, surcharges and other matters of “market intelligence” should be obtained only from: (A) public sources, and (B) from customers in certain circumstances and never from discussions or other communications with competitors. For example, you may rely on anything that is publicly available (industry studies, trade journals, market publications, competitors advertising, etc.). (CEVA must not participate in the creation of any such studies, nor provide data for such studies without the advance approval of the Legal Department.) A customer may provide you this kind of information for its own benefit such as to get you to lower your price (but you cannot ask for the information yourself or use a customer to deliver such information to a competitor).
Competitors

It is wise to document the date and source of the information upon which you relied, so that later there is no question that you made a proper decision. And don’t use careless language (like in poorly-written emails, vague language, exaggerations) that makes it look like you are doing something improper even though you’re not.

In all cases, receiving competitive information, even if by accident, is very sensitive and could be a violation. If that happens to you, contact Compliance & Ethics for instructions on handling.

In those circumstances where a competitor is also a customer or a supplier of the Company, it is necessary to discuss or agree upon prices charged to or by the Company related to that particular relationship. But you must limit your exchange and use of such information solely to what is needed for that relationship and not more broadly.
Question

One of your colleagues previously worked for one of our competitors. One day you receive an e-mail containing a document that is from the competitor. Your colleague mentions in the e-mail that he took the document from the competitor when he left and that the document might contain valuable information about the project you are currently working on. Can you use this information?

Answer

No, this information should have not been brought with him to our company. You can’t use the information, and you will need to contact the Compliance and Ethics department immediately so that we can quarantine the information and ensure that the decision we make is proper and not tainted by improper information.
Competitors

Bid rigging

Another thing that antitrust laws prohibit competitors from doing is bid rigging. Bid rigging is a scheme in which competitors work together in submitting bids to a customer, without the customer’s knowledge and approval, in order to secure a contract for goods or services at a pre-determined price or to set a minimum price level under which no “competitor” will bid, so that whoever wins the bid will make more money. Bid rigging is anti-competitive, as the rigged price will be unfairly high.

There are various types of bid rigging, but the main ones that might arise in our industry are bid suppression and complementary bidding. In complementary bidding, some of the “competitors” submit offers that they know the buyer will reject because the price is too high or the terms are unacceptable in order to create the appearance of legitimate bidding while ensuring that a prearranged “competitor” will win the bid. In another type, competitors agree that in whatever bid they submit, their price will not go below a certain minimum, so that they can compete on other aspects of the bid and whoever wins will make more money.

At CEVA, we prohibit all forms of bid rigging. When competitors rig bids, they stifle competition just as surely as they do when fixing prices. Submitting bids for joint or integrated service solutions together with a competitor is permissible if it is done at the customer’s request and with the customer’s knowledge and approval. Again, you must limit your exchange and use of such information solely to what is needed for that relationship and not more broadly.
Competitors

Q&A

Question ▼

One of our global customers has invited CEVA to participate in a bid. Bid terms and conditions are almost impossible to meet. Could we discuss with competitors and make a deal on non-participation to force the customer to change bid terms and conditions, or agree on some minimums that will allow us to make a decent profit?

Answer ▼

No. CEVA may unilaterally decide not to participate on a bid based on company analysis of the merits or benefits to participate. However any agreement with competitors for non-participation would be considered bid rigging, and any discussions on the bid would be considered a violation of this policy and antitrust and competition laws.
The antitrust and competition laws prohibit any understanding, plan, or arrangement among competitors to boycott or to refuse to do business with (or supply) any third party. For example, competitors cannot agree that they will cut off a customer, decide not to use a vendor, alter credit terms on a third-party, or agree with competitors on any other aspect of dealing with third-parties. Competitors are free to make all such decisions on their own – just not together.
Question

A friend of yours who works for a competitor calls you to complain about a certain mutual customer. The customer seeks to impose unfavorable payment terms, narrow limitations of liability, and other conditions that your friend considers to be unreasonable. You actually have the same issue with those terms. Your friend suggests that it might make sense for both of you to refuse to work with this customer for a while, in order to force it to make its terms and conditions more practical. Is this allowed?

Answer

No. If CEVA can’t accept certain terms and conditions in a contract, it is up to CEVA to decide, by itself, whether or not to do business with the customer. This same rule applies to doing business with vendors. More broadly, you should never discuss a customer’s pricing or terms and conditions with a competitor (outside of the narrow exceptions discussed elsewhere in this policy).
Competitors

Joint Ventures / Subcontracting to Competitors

Competitors are allowed to work together when it comes to certain joint ventures and subcontracts that have legitimate, bona-fide purposes. In some circumstances, such arrangements may be pro-competitive and benefit consumers. However, because joint ventures involve competitors working together, they raise antitrust concerns, and you must consult with the Legal Department before entering into any such agreements.
Question

CEVA is required to provide door to door services to a global customer. In some countries in the world we don’t have trucks to perform the final delivery to the customer’s warehouse. In order to provide the required services, we have to subcontract with a small local trucking company, and in order to select this one we need to get service quotes from several alternative providers. Is that allowed?

Answer

Even if local and small, the trucking company could be our competitor. Subcontracting to competitors is acceptable when there is a legitimate business purpose, which in this case is the fact that we don’t have trucks in the country, and we are required to deliver those services to satisfy customer needs. This is an exception to the rule of not discussing pricing with a competitor. In these kinds of cases, CEVA is allowed to discuss pricing with that subcontractor, if pricing refers to the specific services under the contract and is not used other than for the subcontracted services.
Trade Associations

A trade association is a group of individuals or companies (sometimes including competitors) which come together to discuss business-related topics. Trade associations and other industry groups can serve legitimate purposes. However, the Company’s membership and participation in these associations can raise particular concerns because they often involve meetings and other group activities among competitors whereby sensitive topics may come up. Sensitive topics are topics such as:

- Prices, surcharges, commissions, fees and other charges,
- The timing or amount of price implementation or changes to prices,
- Costs or profits,
- Payment terms,
- Pricing methods, policies, plans (actual or potential) or strategy, unless approved through the trade association approval process set out in our Trade Association Guidelines.
- Bids.

Trade associations related to our core businesses (like freight forwarding, logistics, customs brokerage, or supply chain associations and others where we are most likely to be in contact with competitors) will need to go through our trade association approval process, as set out in our Trade Association Guidelines.

Employees may not join or participate in the activities of trade associations unless they have obtained the approvals required through CEVA’s trade association approval process. When participating in trade associations, you must follow our Trade Association Guidelines and pay special attention to ensure we comply with our antitrust obligations.
Question

You have followed our Trade Association Guidelines and are approved to participate at your country freight forwarders’ association. A global freight forwarders’ association meeting is taking place, and you are invited to participate and present during this annual global meeting. Can you participate without further concerns/actions?

Answer

While you have completed the first step, which is getting approval to become a member/participant at a trade association, which is allowing you to attend said meeting, this by itself has not eliminated antitrust risks. You should also get a meeting agenda in advance and screen its content for potential sensitive topics in conflict with antitrust laws. Unless you are confident that none of them represent risk, you should send the agenda to Compliance & Ethics department to get proper advice. Even if there are topics of concern, the Compliance & Ethics team could assist in dealing with the trade association to have those removed from the agenda to enable your participation.
Customers & Suppliers

As a general matter, the Company is free to do business or not to do business with whomever it chooses, and may freely select its customers, suppliers, and subcontractors. CEVA should make such decisions on an independent basis, and should not be the result of any agreement or understanding with a competitor.

Inadvertent receipt of information

In many cases we are allowed to use information that a customer or supplier provides to us. However, in cases where we receive information from a customer, supplier or subcontractor by accident, we should be careful in using that information.

In addition, suppliers and subcontractors can’t be used as an intermediary to get sensitive information from or about competitors.
Question

A supplier provides you information about a competitor’s pricing by accident. The e-mail was intended for the competitor, but it seemed that you were copied in my mistake. Can you use that information?

Answer

While receiving the e-mail is not a violation, acting in an improper way could be a violation. Just deleting the e-mail, forwarding it to others, or using that information without anyone knowing could all be a problem. In these kinds of cases, please ensure that you contact the Compliance & Ethics department for guidance.
Tying arrangements

A tying arrangement is the practice of requiring a customer to purchase one product or service in order to obtain another product or service that the customer really wants. Customers should not be required to purchase products or services that they are not interested in as a condition to being permitted to purchase what they do want.

The general prohibition against tying arrangements does not apply to legitimate efforts to sell several products or multiple services in a package, provided that the seller is prepared to sell each of the products or services separately at realistic prices where offering separate products or services is economically (and otherwise) feasible. For example, you may bundle together multiple services and sell them at a lower total price to try to get our customer to buy more from us, but you cannot require them to buy one in order to buy the other.
Q&A

**Question**

A potential customer is interested in purchasing some FM services. Are you allowed to provide FM services, but only if they also purchase that in combination with customs brokerage services?

**Answer**

No. This is only allowed if you are also prepared to sell the services separately. You cannot “tie” them together and require the customer to purchase both instead of each separately.
Customers & Suppliers

Reciprocity arrangements

A reciprocity arrangement is the practice of a buyer agreeing to purchase goods from a seller on the condition that the seller in turn will purchase goods from the buyer or a company related to the buyer. Antitrust laws generally prohibit this type of arrangement because it stifles competition by artificially requiring a purchase that one of the parties otherwise wouldn’t make. An example for CEVA would be a computer company that CEVA provides logistics services to – and also buys computers from. The two aspects of the relationship should be kept separate, and we should provide the logistics services and buy the computers as independent decisions and matters.

All purchasing decisions should be made only on the basis of factors like price, quality, terms of sale, and reliability of the supplier – not some “deal” to give business in order to get business. The Company should disregard other considerations.
Customers & Suppliers

Q&A

Question ▼

Could you buy services/products from one of our important customers in hope that this customer buys additional services from CEVA?

Answer ▼

The customer in this example would be a vendor/supplier for the Company. Selection of a Company vendor has to be in line with the Company’s procurement policies and purchasing process based on quality, service, and price. If after this analysis, we determine that that the important customer is also our best option as a supplier, we could buy services from them. However, there should be no agreement with them to get anything in exchange for our business.
Exclusive dealing arrangements involve the practice of limiting the ability of customers or suppliers to do business with competitors without a justified purpose. A justified purpose could be for example a significant upfront investment. If you are required to make a significant upfront investment you could ask for exclusivity in return. In some circumstances exclusive dealing arrangements are allowed, but please check with the Compliance & Ethics department first. For guidance on this please contact the Compliance and Ethics department.
Question

One of our main customers for CL services asks the Company to provide in addition to standard warehousing services, warehousing of vaccines. In order to satisfy the customer’s request, the Company would need a temperature control system at the warehouse, additional personnel to handle these products, and maybe city permits to store them. If exclusive dealing is a violation of antitrust and competition laws, how could the Company protect ROI (Return On Investment)?

Answer

As the Company has to do an up-front investment to service this customer, it is perfectly valid to include a clause in the contract with the customer stating that for the duration of the agreement the customer commits to give the Company the exclusive warehousing of its vaccine products.
Unilateral behaviour

Predatory Pricing

Antitrust laws generally prohibit monopolistic behavior; for example, they generally don’t allow companies to attempt to get a monopoly in a particular market or to abuse a dominant market position. One type of monopolistic behavior is predatory pricing, where a company sells a product or service at an illegally low price (usually below costs for some period of time), intending to drive competitors out of the market or to create barriers to entry for potential new competitors. If competitors or potential competitors cannot sustain equal or lower prices without losing money, they go out of business or choose not to enter the business. The “predator” then has fewer competitors and can act as a monopoly. CEVA policy prohibits predatory pricing and other improper monopolistic behavior.
You decide to price below cost for the next six months for the purpose of eliminating competitors in a particular market in the near term and thereby reducing competition in the long term. Is this allowed?

This is known as “predatory pricing”. If you have a dominant position in the market, this would violate competition laws. Accordingly, the Company may not engage in such predatory pricing or pursue other practices, strategies, or tactics that might be construed as being designed unreasonably to harm or exclude competition or competitors, and should consult with the Compliance & Ethics department prior to implementing any such practice, strategy or tactic.
Reporting

Some antitrust issues can be subtle, complicated, or confusing. If you’re not sure, ask! When you’re in doubt, please seek guidance from the Compliance & Ethics department before making any decision. And if a competitor suddenly puts you in an awkward position (for example, by starting a discussion about something you are not sure is allowed), politely but firmly and immediately stop the conversation and contact the Compliance & Ethics team for help.

In case of violations or suspected violations to this policy or to antitrust and competition laws, employees must report the situation through any of our established reporting channels: your manager, the Compliance & Ethics department, Legal, our compliance hotline – whoever you need to report to, to ensure the problem is addressed.
Key Rules

Key Rules to Remember!

Competitors

• No price fixing
• No discussion of any sensitive subjects (prices, charges, surcharges, costs, etc.)
• No bid rigging
• No division of market or allocation of customers
• No exclusion of competitors from the market
• No use of intermediary to get market intelligence

Trade Associations

• Do not participate unless approved through the trade association approval process, as set out in our Trade Association Guidelines.
• When participating, follow all of our antitrust rules
Key Rules to **Remember!**

**Customers and Suppliers**

- If you inadvertently received competitively sensitive information, call Compliance & Ethics first.
- Unless approved by Compliance & Ethics department:
  - No tying arrangements
  - No reciprocity arrangements
  - No exclusive dealing arrangements

**Reporting**

- If you suspect any antitrust violation or are unsure how to proceed, contact:
  - Your manager
  - Your Regional Compliance Manager
  - Legal
  - Compliance & Ethics department
  - Compliance Hotline

*CEVA Global Antitrust and Competition Law Policy and Procedures*
References

- Anticorruption Policy
- Code of Business Conduct
- Compliance Covenants
- Compliance Hotline
- Privacy Policy
- Process for Implementing New and Changed Surcharges
- Third Party Due Diligence Process
- Trade and Export Policies & Manuals
- Trade Association Guidelines