

NORDIC CLIMATE GROUP

Competition Policy

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1. Introduction

NCG Group AB believes in fair trade and honest competition based on integrity, product quality, price and customer service. It is NCG Group AB's policy to ensure that its business practices comply fully with the antitrust laws of each and every country it operates in.

Breaches of the competition rules may lead to severe consequences for the companies involved, such as high fines and private damages actions. In some countries, individuals may face penalties, including director disqualification, criminal fines and imprisonment. According to the parental liability doctrine, a parent company can be liable for anti-competitive conduct of its subsidiary when the parent exercises a decisive influence over its subsidiary.

This Competition Policy provides general guidelines that, if followed, will support NCG Group AB's efforts to comply with competition laws within the European Union and jurisdictions with competition regulation based on similar principles.

This Competition Policy focuses on:

- Managing contacts with competitors ('horizontal' arrangements)
- Managing contacts with the value chain ('vertical' arrangements);
- Managing market power (the risk of abuse of dominance); and
- Communication guidelines.

This Competition Policy applies to all employees and other contractors of NCG Group AB and its board of directors when they act in their capacity as directors of NCG Group AB.

2. Managing contacts with competitors

2.1 General overview

Contacts with competitors (including potential competitors) are very sensitive from an antitrust perspective. Cooperation between independent companies that can distort the normal competitive process is illegal. This covers written, oral, formal and informal contacts.

Illegal behaviour includes agreeing with a competitor to take part in:

Price-fixing

Market-sharing

Bid-rigging

Output or production limitation

Collective boycott

Sensitive information exchange

When dealing with competitors in any context, the following rules apply:

- Do not discuss or agree on pricing or other commercial conditions with competitors. This includes timing, rebates, discounts or other aspects of prices.
- Do not discuss sharing customers, volumes, supplies or dividing geographic markets with competitors.
- Do not discuss, agree or exchange information on bidding strategies with competitors. Tender preparation should be an independent process.
- Do not discuss limiting production, distribution or volumes with competitors.
- Do not work with competitors to exclude another technology, competitor or organisation from the market, a trade association, standards association or similar (collective boycott).
- Do not share commercially sensitive information with competitors (see Section 2.2 below).
- Do not have representatives on boards of multiple competitors (interlocking directorates).
- Do react to anti-competitive behaviour from competitors to make NCG Group AB's objections very clear. End the discussion or contact and ensure that your responses are kept on file. Passive involvement may still be illegal!
- Do seek guidance if you are unclear about your competition law responsibilities, including when contemplating a joint venture or other form of alliance or cooperation with a competitor. Contact Country manager/Group CEO in the first instance.

2.2 What is commercially sensitive information?

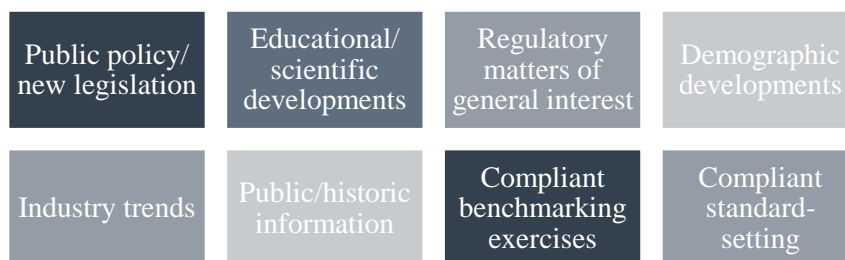
When interacting directly or indirectly with competitors, specific and detailed (current or future) exchanges/discussions on the following are illegal¹:

¹ It is not anti-competitive to exchange information that is already in the public domain or has no strategic value, including laws and regulations, aggregated and historical data or general market studies. The most important factor when assessing whether a certain exchange of information is acceptable or not, is if the information exchange may lead to reduction of the strategic uncertainty in the market.



2.3 Trade associations and fairs

Involvement in trade associations or similar (for example for networking or standard setting) must be carefully monitored since, by its very nature, participation involves contacts with competitors. It is typically acceptable to have general discussions about:



However, it is not permitted to discuss how and when NCG Group AB and others plan to react to general developments – beware general discussions becoming a gateway to detailed planning!

Participation in standard-setting exercises or benchmarking – compilation and circulation of certain statistical data – may be allowed but only if specific conditions are respected and prior legal approval is secured.

It is necessary to seek approval from Country manager/Group CEO for membership of trade associations and similar. Specific guidance must be given to participants on how to behave in this setting.

2.4 Responding to tenders

When bidding for contracts, it is important to do so independently of competitors. Conspiring with competitors in a tender process may amount to bid-rigging. This is a serious antitrust infringement, which may even attract individual criminal liability in certain jurisdictions. A company previously found to have infringed competition law may also be excluded from future public tender processes in some countries.

There are also rules restricting when it is appropriate to submit joint bids (for example as part of a consortium) and/or make sub-contracting arrangements in a standard (open) procurement process. In general:

- Joint tenders are ok between non-competitors;
- Joint tenders between competitors are at high risk when both parties are capable of bidding separately; and

- Agreeing with a competitor to accept a sub-contract from them in return for not bidding to win the contract is higher risk.

Always seek legal approval before cooperating with a competitor in a joint bid or sub-contracting arrangement (consortia bidding).

2.5 Practical routines for competitor contacts

Pre-meeting:



During meeting:



When uncomfortable:



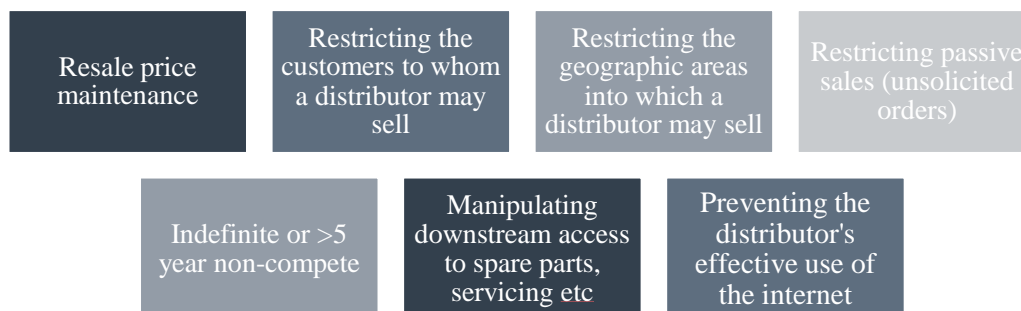
3. Managing contacts with the value chain

3.1 General overview

Contacts with the value chain - such as distributors, suppliers and customers – must be handled with care. Note that [true agents²] (taking no or minimal risk) are not considered independent of NCG Group AB and are thereby not generally caught by these rules. Where NCG Group AB also competes with a trading partner, for example a customer, the rules on contacts with competitors also apply.

² A true agent is an agent who acts on behalf of the principal without bearing any financial or commercial risks.

The main illegal activities that can arise in so-called ‘vertical’ arrangements with non-competitors are shown below³:



When NCG Group AB has market power in its value chain dealings, there is less flexibility, for example as regards exclusivity (see Section 4 below).

When dealing with non-competitors in any context, the following rules apply:

- Do not restrict a buyer’s ability to determine its sale price (or other commercial terms). In many countries, it is illegal to impose fixed or minimum resale prices (often known as resale price maintenance).
- Do not restrict a buyer from selling products outside a particular geographic territory, customer group or platform / channel (for example online or physical outlet) without first obtaining legal advice. Active sales (solicited orders) can sometimes be restricted when certain conditions are satisfied.
- Do not impose a non-compete restriction prohibiting a purchaser from buying from another supplier without first seeking legal approval on its scope.
- Do not use the supply chain as a way of channelling information to competitors. Likewise, do not operate as a conduit between competing suppliers or buyers.
- Do not forget to respect the safeguards against inappropriate exchange of sensitive information if NCG Group AB sells on the same market in competition with an appointed distributor or customer (i.e. via a dual distribution model).
- Do not use access to spare parts, maintenance services, software updates or similar to (i) leverage or increase strength in a primary market; or (ii) indirectly restrict sales outside an allocated territory (i.e. withholding supplies to force a specific outcome).
- Do not engage in restrictive intellectual property (IP) licensing practices designed to limit the counterparty’s scope to compete with NCG Group AB without first seeking legal approval, for example grant-backs, access and use of underlying IP.
- Do seek prior competition law approval for all commercial agreement templates used, such as distribution agreements, agency agreements, other sales representative arrangements, for example to ensure the appropriate scope of non-competes, exclusivity and any territorial or other restrictions imposed on distributors.

³ “Preventing the distributor's effective use of the internet” means that the NCG Group AB cannot prohibit the distributor from using the internet (e.g. through a webshop) for selling products or services.

4. Managing market power

4.1 General overview

In markets where NCG Group AB has market power, the prohibition against abuse of a dominant position may apply to NCG Group AB's behaviour in the market.

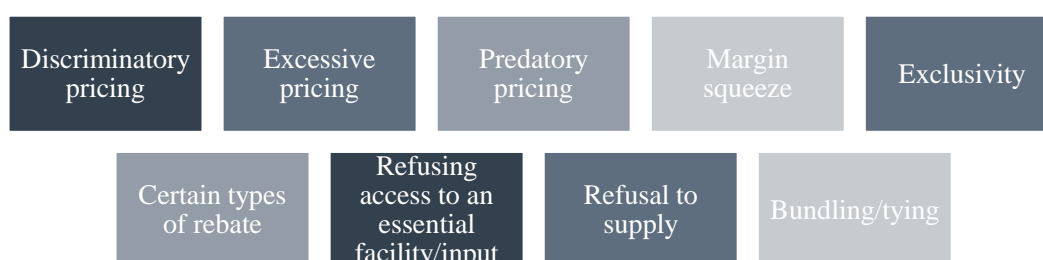
A common proxy for determining whether a company has market power is to consider its market share in the relevant product and geographic market. Under EU competition law, a market share above around 40 percent indicates dominance. The outcome of the assessment is ultimately dependent on circumstances in the individual case, including the position of competitors, ease of market entry and buyer power.

If you are uncertain about NCG Group AB's market position or responsibilities under the rules on abuse of a dominant position, seek advice from Country manager/Group CEO.

When in a dominant position, this behaviour can be illegal:

If NCG Group AB has or may have market power (+40% market shares), the following rules apply:

- Do not apply different prices (or other commercial conditions) to similar customers or the same prices to different types of customers without objective justification for such differences in treatment (“discriminatory pricing”).
- Do not charge prices which are excessively high to the point that they bear no reasonable relation to the economic value of what is supplied (“excessive pricing”).
- Do not price below cost for a sustained period without seeking legal advice (“predatory pricing”).
- Do not engage in “margin squeeze”. This can occur if/when a company is vertically integrated in some way and leverages market power in an upstream market by overcharging downstream competitors for an input, using those gains to then lower its own downstream prices and squeeze out competitors.
- Do not impose exclusive (or quasi-) purchasing obligations on customers.
- Do not set prices (or discounts) on the basis of a customer’s loyalty for example in order to obtain all or a greater share of that customer’s business (“fidelity rebates”).
- Do not refuse to give a competitor access to an essential facility without objective justification, for example a key input, resource or facility that cannot be sourced elsewhere.
- Do not refuse to supply products or services unless there is a clear objective justification (such as genuine lack of creditworthiness, insufficient capacity, etc.). This includes constructive refusal via imposing unreasonable terms.
- Do not link the purchase of distinct products (either through contract or pricing incentives) to oblige a customer to buy both in order to get access to one.



4.2 Merger control

While the merger control rules are not discussed in detail in this Competition Policy, it should be noted that competition authorities are also tasked with investigating mergers and acquisitions which, due to their size or nature, have the potential to restrict competition. Where NCG Group AB wishes to acquire or sell a business, or even enter into a joint venture agreement or certain types of outsourcing arrangement with another company, it may be necessary to obtain the approval of one or more competition authorities before the deal can proceed. It is therefore important to seek legal advice whenever such a transaction is contemplated.

For example, legal input will be required in relation to (i) analysing if and where a transaction must be notified, (ii) the timing and likelihood of merger clearance; (iii) preparing any notifications required; and (iv) ensuring the transaction is not put into effect prior to clearance (applying the gun-jumping rules)

5. Communication guidelines

5.1 General overview

The way NCG Group AB employees communicate in writing is very important as, in the event of an investigation, this material can be used as evidence. When illegal behaviour is suspected, antitrust authorities have significant investigative powers, for example:

- Unannounced inspections (dawn raids) at NCG Group AB premises. During a dawn raid, all relevant physical and electronic data is copied, including e-mails, instant messages, text messages etc; and
- Wide-ranging requests for information.

Often, there are also incentives (for example fine reductions) for companies to report wrongdoing to antitrust authorities. Such “leniency” applications lead to market players submitting lots of data on themselves and their competitors.

NCG Group AB also interacts with antitrust authorities during merger control processes. Increasingly, high volumes of internal market data must be submitted with a merger notification. Wording that works to ‘sell’ a strategy or deal may entirely undermine NCG Group AB’s position in other ways, for example re market definition, deal rationale, synergies, closeness of competition, barriers to entry etc. Caution in writing both internally and in external communications is key to avoid creating misconceptions.

Examples on what to do and what to avoid when communicating on behalf of NCG Group AB:

- Do not use loose language on market definitions, barriers to entry etc.
- Do not claim to have a dominant position or similar.
- Do not speculate about whether something is legal.
- Do not use humour or sarcasm out of context, leading to misconceptions.
- Do avoid creating inaccurate records on markets and strategies.
- Do reflect on the scope for a document or message to be misinterpreted – edit!
- Do keep records to evidence legitimate reasons for competitor contacts.
- Do protect legal privilege.
- Do stick to facts to avoid ambiguity – clarity is key!
- Do maintain discipline in oral / informal communications too.

6. Implementation

6.1 Responsibilities and organisation

Each employee, manager, executive officer and member of the board of directors must understand and comply with this Competition Policy. Managers should ensure that their teams fully understand and are expected to comply with the standards and requirements stipulated in the Competition Policy.

If any questions arise about the content of this Competition Policy, or how it should influence the everyday work or a specific matter, please reach out to Country manager/Group CEO.

7. Reporting concerns and consequences of violation

If you become aware of or suspect a possible violation of law, rule, regulation you are required to promptly contact Country manager/Group CEO.

If you become aware of violation of this Competition Policy or any other of NCG Group AB's policies, you shall contact Country manager/Group CEO.

You can also raise concerns anonymously through NCG Group AB's whistleblowing system available at [WhistleB, Whistleblowing Centre](#). The NCG Group AB will not tolerate any attempt to take adverse action against an employee for reporting a genuine concern regarding suspected wrongdoings. Retaliation against anyone who speaks up is a violation of the Code of Conduct and will not be tolerated.

NCG Group AB does not tolerate any illegal or unethical behaviour. Violations of this Competition Policy is likely to damage NCG Group AB's brand and reputation. Failure to follow this Competition Policy is taken seriously and may result in disciplinary action appropriate to the violation, including, but not limited to, termination of the employment.

8. Review and follow-up

Compliance with this Competition Policy by all NCG Group AB entities and employees will be monitored through internal and external audits, and routine follow-ups of all reported matters.

Effective date	Version	Change description
01.09.2023	Ver 1.0	