

MODEL CODE OF CONDUCT FOR FME-CWM TRADE ORGANISATIONS

The trade organisation believes it important that its activities are at all times carried out in accordance with the applicable law, especially competition law but also laws on fraud and corruption. The trade organisation believes that business should be conducted in an atmosphere of free competition, i.e. on the basis of price and quality. The trade organisation recognises that this legislation intends to stimulate free competition, reason why this legislation has its full support. It feels it important to confirm this by adopting a Code of Conduct. This Code of Conduct will be binding on all its members. With this code, the trade organisation endeavours to create trust in the integrity of the sector, among all parties and institutions involved. The Code of Conduct has as extra advantage that it provides clear rules to the Association's members, thus reducing the risk of improper conduct and consequently of fines being imposed. Violation of this Code of Conduct will result in the trade organisation imposing sanctions.

I. CONSULTATION AND DECISION-TAKING WITHIN THE TRADE ORGANISATION

The following rules shall at all times be respected within the trade organisation:

A. CAREFUL PROCEDURES

1. Meetings of a body, committee, working group or other form of cooperation within the Association will only take place after they have been convened in writing. The notice convening the meeting shall also include the agenda for the meeting.
2. Minutes will be kept of each meeting as referred to in 1., above; these will be sent to all members of the relevant body, committee, working group or other form of cooperation. The minutes will also be forwarded to the executive committee of the Association for their information.
3. Consultations in a body, committee, working group or other form of cooperation on the topics on the agenda and other topics, where these are related to the market (i.e. topics that may be of interest for the position and for determining the position of the individual members in their mutual competition), will be limited to the official meeting, of which minutes will be kept. After a meeting is officially closed the gathering may be continued informally, provided any (proposed) market conduct or individual market information are not discussed.
4. During the consultations as referred to in 3., above, it may not be decided to discuss certain topics during the meeting subject to the condition that this will not be recorded in the minutes. If such condition is stipulated the chairman of the meeting may refuse to proceed to discuss the topic in question.
5. Each meeting of a body, committee, working group or other form of cooperation during which market-related topics are discussed, must be attended by the sector manager. The sector manager will monitor topics that are sensitive from a competition law point of view. If there are doubts about such sensitivities, the

topic should not be discussed until the advice of an expert in the field of competition law is obtained, and this advice is to the effect that the topic may be discussed without any objection, or until the limits to be observed during the discussion are clear to the sector manager.

B. PROHIBITED TOPICS

7. The following topics are definitely prohibited and out of bounds during meetings of bodies, committees, working groups or other forms of cooperation within the trade organisation:
 - sale prices, rates, (intended) price adjustments, recommended prices, discounts, mark-ups and other price-related topics;
 - Division/sharing of the market, e.g. by allocating a specific geographical area, specific customers or specific groups of customers to specific members;
 - Restriction of production or sales;
 - Pre-consultations with respect to responses to invitations to tender of potential clients;
 - Charging on offer costs of competitors in one's own offer;
 - Exchanging market information by the individual members, i.e. information about production, turnover, sales, prices and rates, investments, R&D expenses and other information that may be regarded as commercially sensitive information;
 - Publishing the average price or of the price bandwidth within the sector;
 - Exclusivity for specific members to represent producers and importers;
 - Boycotting specific suppliers or customers.

C. TOPICS THAT MIGHT PRESENT A PROBLEM

8. The following topics might, under certain circumstances, present a problem from a competition law point of view. This means that these topics must at all times be discussed, within the context of the trade organisation, in proper consultation with an expert in the field of competition law:
 - General terms and conditions of sale and delivery. If these pertain to sensitive competitive information (e.g. prices, rates, manner of indexation, on-charging specific costs) the competition authorities may object;
 - Restriction on participating in trade fairs. The joint decision within the sector not to participate in certain fairs restricts the freedom of the individual

members to participate in any fairs of their choosing. Such restriction is only allowed under specific conditions;

- Schemes for recognition/membership criteria. For as long as recognition or membership of the trade organisation does not play a decisive part for the potential customer when choosing a product or service, there are no objections to this from a competition law point of view. As soon as the customer does find this important, however, these schemes must satisfy specific criteria;
- The secretariat is allowed, in principle, to collect commercial information about individual companies and the trade organisation may make this information available to the members in an aggregated manner; however, this may sometimes lead to problems. It must in any event be guaranteed that individual members cannot take note of information about other members;

II. STANDARDS OF CONDUCT; INDIVIDUAL MARKET CONDUCT OF MEMBERS

In order to protect the good name of the sector the trade organisation thinks it important that the individual members respect the following rules in their market conduct:

1. The members shall refrain from any form of bribery of potential customers, governments and other third parties in order to gain commercial or financial advantage. Business dinners in order to discuss and explain points of view are acceptable. Business gifts or gift offered to potential customers may not exceed a monetary value of €50.
2. The members shall refrain from any conduct that might jeopardize the professional integrity of their company.

III. EXECUTION/ENFORCEMENT

The trade organisation will implement this Code of Conduct through adoption by the General Assembly of a "reglement" (i.e. a regulation with binding rules for members) and will stipulate that violation or non-observance may result in immediate termination of membership. Other forms of sanction include warnings, reprimands and suspensions.