



ANTI-COMPETITIVE ACTIVITIES POLICY STATEMENT

Competition Law

As a company and as individuals we are obliged by law to comply with various rules at national and European level that are designed to ensure that competition between businesses within the UK and Europe is not unduly restricted. Competition compliance is all about upholding these rules and more importantly about being seen to uphold these rules.

Under the United Kingdom Competition Act 1998 (CA98) there are (i) prohibitions on anti-competitive agreements and (ii) rules relating to abusive conduct by dominant businesses.

The Enterprise Act 2002 (EA02) is also now in force. Notably, this creates individual liability by making it a criminal offence for any individual dishonestly to enter into an agreement relating to price-fixing, market-sharing, bid-rigging or production-limiting cartel.

EU competition rules could also apply where the same type of agreement or conduct affects trade between EU member states. However, this Manual is mainly concerned with the UK position that applies to trade purely within the UK.

Investigation of Anti-Competitive Activities

In the United Kingdom, the Office of Fair Trading (OFT) and the Serious Fraud Office (SFO) in the case of EA02 investigations, have extensive powers to investigate markets and business activity where it is considered that anti-competitive practices may be taking place. This could involve officials from the OFT or SFO arriving at any or all SWH premises to search our records.

Compliance with Competition Law

The Business Manager is the officer responsible for implementing SWH's competition law compliance policy. Compliance with these rules is an important issue for SWH and both of its shareholder companies in the UK and at Group level for a number of reasons:

- Failure to comply with competition rules can have an extremely high financial cost. The Office of Fair Trading can impose fines of up to 10% of worldwide turnover for one year. (Further details about this are contained in Part 5, Appendix 2).
- Any agreement that infringes competition law may be wholly or partially invalid which means that the company cannot enforce it.
- Orders which can be made against us to cease or modify the infringing agreement or practice may result in an unanticipated outcome.
- Third parties who suffer loss as a result of anti-competitive behaviour may be able to claim damages from us for their loss.
- Investigations into the company and findings of infringements attract adverse press comment.
- Investigations and possible legal proceedings resulting from infringements can take years to resolve, leading to high costs and taking up management time that should be devoted to more profitable projects.
- There is also an increased risk of further complaints against the company and ongoing surveillance by the competition authorities.

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ANTI-COMPETITIVE ACTIVITIES POLICY STATEMENT cont.

Compliance with EA02 is also important to avoid the two new legal risks for all of us as individuals:

- It will be a criminal offence dishonestly to enter into certain 'hardcore' cartel arrangements, with fines and imprisonment as penalties.
- Directors of companies that have infringed UK or EU competition law could face disqualifications as a director for up to 15 years.

The SWH Competition Law Compliance Manual

This SWH Competition Law Compliance Manual aims to give you an overview of the main rules of UK competition law and sets out procedures and guidelines that you must follow when dealing with matters to which competition laws may apply. It also explains how you can obtain specific guidance. If at any time you have queries or are uncertain whether competition law may apply to specific activities you should contact the company's solicitors, whose contact details are set out in Part 5, Appendix 1.

Our compliance procedures are also subject to constant review by senior management. You may be required to attend training in relation to the contents of the Manual and this will give you an opportunity to raise any concerns that you have. Inevitably, it will take time to become used to these changes, as we will all need to think about how we carry out our daily duties.

This Manual has been prepared only for use by SWH in carrying on its business in the United Kingdom and for the use of SWH's employees and professional advisers in carrying out their duties as such. It should not be relied on by any other person or for any other purpose. Its contents are confidential to SWH.

Management Commitment

SWH Senior Management is committed to complying with competition law and all employees should be aware that any infringement of the procedures or guidelines in the SWH Competition Law Compliance Manual will be viewed very seriously.

The content and implementation of the Manual is of great importance to SWH, for the reasons set out above. This is why, where issues and concerns arise in relation to the Manual or competition matters, these will be discussed by the Board of Directors of South West Highways Limited. Any guidance or changes will be swiftly passed on to you as a change to the Manual.

Richard Towl
SWH Managing Director,
Date: January 2017

