



# ***Anti-Trust / Anti-Competition***

## ***POLICY***

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## 1. Purpose

Converge Information and Communications Technology Solutions Inc., as well as its subsidiaries Metroworks ICT Construction Inc. and Pentagon Holding Co. Inc., and its affiliates collectively referred to herein as “Company” shall operate business within framework of Anti-Trust / Anti-Competition Law, respect social rules, mindful of ethical business principles, benefits of customers and business partners and fair competition with other operators. The Company shall support free and fair-trade competition and shall not discriminate against or take advantage of others.

## 2. Scope

This Policy shall apply to all employees, consultants, and elected representatives/officials of the Company. They are under an obligation to conduct all business dealings under any applicable Anti-Trust / Anti-Competition legislation that aims at safeguarding fair competition for the benefit of consumers.

## 3. Definitions

- **Philippine Competition Act** is a law that promotes or seeks to maintain market competition by regulating anti-competitive conduct by companies in the Philippines.
- **US Anti-Trust law** is a collection of United States federal and state government laws that regulate the conduct and organization of business corporations and are generally intended to promote competition for the benefit of consumers.
- **Market allocation** - a scheme devised by two entities to keep their business activities to specific geographic territories or types of customers. This scheme can also be called a regional monopoly.
- **Bid rigging** - The illegal practice between two or more parties who collude to choose who will win a contract is called bid rigging. When making bids, the "losing" parties will purposely make lower bids to allow the "winner" to succeed in securing the deal. This practice is a felony in the U.S. and comes with fines—even jail time.
- **Price fixing** - Price fixing occurs when the price of a product or service is set by a business intentionally rather than letting market forces determine it naturally. Several businesses may come together to fix prices to ensure profitability.
- **Monopoly(ies)** – Refer to the dominance of an industry or sector by one company or firm while cutting out the competition.
- **Merger and Acquisition** – Refer broadly to the process of one company combining with one another. In an acquisition, one company purchases the other outright. A merger is the combination of two firms, which subsequently form a new legal entity under the banner of one corporate name.

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## 4. Policy Statements

### 4.1. Anti-Trust / Anti-Competition Laws

Company prohibits unfair competition, and arrangements and combinations that aimed to restrain trade or prevents free competition in the market relating to these laws:

**4.1.1. Republic Act No. 10667** The Philippine Competition Act - An act intended to ensure efficient and fair market competition among businesses engaged in trade, industry, and all commercial economic activities. It prohibits anti-competitive agreements, abuses of dominant positions, and mergers and acquisitions that limit, prevent, and restrict competition.

- **The Philippine Competition Commission (PCC)** - is an independent, quasi-judicial body formed to implement the Philippine Competition Act (Republic Act No. 10667). The PCC aims to promote and maintain market competition within the Philippines by regulating anti-competition behavior. The main role of the PCC is to promote economic efficiency within the Philippine economy, ensuring fair and healthy market competition.

**4.1.2. Republic Act No. 386** – An act to ordain and institute the civil code of the Philippines.

- **Article 28.** Unfair competition in agricultural, commercial or industrial enterprises or in labor through the use of force, intimidation, deceit, machination or any other unjust, oppressive or highhanded method shall give rise to a right of action by the person who thereby suffers damage.

**4.1.3.** The main statutes of the US Anti-Trust Law are the following:

- **Sherman Act of 1890** - First, Section 1 of the Sherman Act prohibits price-fixing and the operation of cartels, and prohibits other collusive practices that unreasonably restrain trade. While the Third, Section 2 of the Sherman Act prohibits the abuse of monopoly power.
- **Clayton Act of 1914** - Second, Section 7 of the Clayton Act restricts the mergers and acquisitions of organizations that would likely substantially lessen competition.
- **Federal Trade Commission Act of 1914** - Provide for both civil and criminal enforcement of antitrust laws.

### 4.2. Anti-Trust / Anti-Competition Policy Guidelines

The Company recognizes that it is important to comply by Anti-Trust / Anti-competition Law, with consideration of ethical business principles, benefit to customers and business partners including fair competition with other operators. Therefore, the Company considered as appropriate to set Anti-Trust / Anti-competition Policy as practical guidelines for executives and all members of staff as follows:

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- 4.2.1.** Comply with Anti-Trust / Anti-competition Law as a universal standard. All employees with responsibilities relating to transactions and investment must have Monitoring and Control system to ensure that the Company conducts business correctly and fully in compliance with Anti-Trust / Anti-competition Law
- 4.2.2.** Ensure that any joint investment, merger, or acquisition will not monopolize the market and create unfair competition.
- 4.2.3.** Refrain from making an agreement with competitors or other business operators in such a way that will monopolize, limit or reduce market competition e.g. fixing price of goods or services, limiting volume or good or services, making unfair collaboration in open bids and taking market share, in addition to non-disclosure and non-exchange of business data.
- 4.2.4.** Refrain from making unfair trade practices against other business operators, e.g. set commercial terms and conditions to limit opportunities or trading alternatives of business partners.
- 4.2.5.** Refrain from selling goods or services below cost with the object of driving competition out of the relevant market.
- 4.2.6.** Refrain from engaging to questionable business activities, including market allocation, bid rigging, price fixing, and monopolies.
- 4.2.7.** Support the government in protecting and promoting healthy competition within all sectors of the economy.
- 4.2.8.** Support the government in protecting consumers from predatory business practices and ensure fair competition.

### 4.3. Identify competitors

We do not collaborate with competitors on how to price our services or whether to pursue opportunities in a market. A competitor is:

- Any company that can potentially provide a service, solution or offering that a client might choose over those of Company is a competitor.
- Whether a company is a competitor can change from situation to situation given the nature of our business. We have relationships with companies that are competitors at certain times and business partners, suppliers or even clients at other times.
- When we compete against a business partner, client or supplier on a given opportunity, we need to treat that company as two separate businesses with different relationships—one that competes with us, and one that is a business partner, client or supplier

We do not misuse the confidential information of our competitors, business partners, clients, suppliers, or former employers.

### 4.4. Stand our ground but play fair with competitors

The Company does not engage in conduct that gives even the appearance of unfair competition.

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Do not collaborate or agree with a competitor about pricing of services or offerings, or timing of planned price increases or target margin changes. These practices are commonly called bid rigging or price fixing and violate competition laws.

Do not divide opportunities, markets, offerings, or geographic regions. These practices are commonly called market allocation agreements, and they also violate competition laws.

If approached by a competitor about anything prohibited, make it clear that we are not agreeing to anything and do not want their confidential information. End contact with that person immediately and contact Legal as soon as possible.

#### **4.5. Protect Company's confidential information.**

While the Company way is to collaborate and share, Do not share Company's confidential information with a competitor, and do not accept a competitor's confidential information unless such exchange of information is done under the protection of a Mutual Non-Disclosure or Confidentiality Agreement categorically stating the specific purpose/s for such exchange. When joining Company, do not take any documents from former employers or share that employer's confidential information. Do not ask other employees to share confidential information from their former employers.

Confidential information is any information or material not generally available to the public that relates to a company's business, research and development activities, clients or other business partners, customers, or employees—and can include:

- Pricing or target margins
- Customer lists
- Cost-to-serve and other costs
- Strategic plans
- Marketing plans
- Network rollout plans
- Contract terms and conditions
- Research and development programs

We respect the obligations new people bring. Respect valid and enforceable obligations that candidates and new employees may have to former employers, such as confidentiality obligations or agreements not to compete or to solicit former clients or colleagues. Expect new Company people to be aware of these obligations and notify their department heads immediately if a job activity may conflict with those obligations.

#### 4.6. Roles and Responsibilities.

The Compliance Office and the Company Legal Team shall oversee the compliance with this policy, and to all applicable laws. He/she shall be responsible for the following:

- Implementation, supervision and ensuring this policy being adhered within the entire Company.
- Keep track of any changes in the laws and be updated on any dominant techniques or cases related to Anti-Trust / Anti-Competition to ensure effectiveness of this policy
- Perform applicable training and awareness within the company that is consistent with this policy

#### 4.7. Disciplinary sanctions for non-compliance

Company shall make clear that nonconformance with this policy is considered as violation of the Company Code of Business Ethics Policy and Anti-Trust / Anti-competition Laws. He / She will face disciplinary action, which could include termination of employment.

Nonobservance of any applicable laws relating to Anti-Trust / Anti-competition Laws or this policy may result to imposition of civil sanctions, criminal prosecution, and potential harm to Company's image or reputation.

### 5. Related document references

- POL-SARC-QRMS-1007 – Code of Business Ethics Policy Version 2
- The Philippine Competition Law R.A. 10667
- The US Law Sherman Anti-Trust Act of 1890
- The US Law Federal Trade Commission Act
- The US Law Clayton Antitrust Act

### 6. Details of revision/s made to this policy

From time to time Company may make changes to this Policy and relevant Guidelines to improve the effectiveness of its operation.

Version No.	Date	Description of Change	Author	Approver
1.0	October 30, 2020	Initial Document (draft)	Marlyn Malabanan	Benjamin Rex Emilio B. Azada

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