



Competition Law Compliance Policy

1 PURPOSE OF THIS POLICY

- 1.1 It is the policy of the Producers' Alliance for Cinema and Television Limited (**Pact**), as mandated by Pact Council, to ensure that its activities are carried out in full compliance with applicable competition laws.
- 1.2 In accordance with these aims, this policy sets out rules on how Pact meetings and other activities involving Pact should be conducted to ensure compliance with competition law. All Pact members must adhere to these rules.
- 1.3 Any questions related to this policy, or concerns as to whether this policy has been breached, should be directed to Max Rumney, max@pact.co.uk.

2 WHY SHOULD COMPETITION LAW COMPLIANCE BE TAKEN SERIOUSLY?

- 2.1 Failure to comply with Competition Law could result in serious consequences for Pact, its members, and their directors and employees. Breaches of competition law can result in:
 - 2.1.1 onerous, lengthy and expensive regulatory investigations and court proceedings;
 - 2.1.2 significant fines of up to 10% of group worldwide turnover;
 - 2.1.3 damages awards by the civil courts;
 - 2.1.4 criminal sanctions, including prison sentences up to five years, for those individuals implicated in an infringement;
 - 2.1.5 disqualification of company directors for up to 15 years; and
 - 2.1.6 the unenforceability of contracts containing anticompetitive restrictions.

3 RULES ON THE CONDUCT OF PACT MEETINGS OR OTHER ACTIVITIES INVOLVING PACT

Introduction

- 3.1 Competition law recognises that cooperation between competitors organised through trade associations can have positive benefits, provided that such cooperation does not restrict or distort competition.
- 3.2 Rules on how Pact meetings and other activities involving Pact should be conducted are set out below. Adhering to these rules will reduce risks of competition law infringements for Pact and for its members. It is therefore important that these rules are read, understood and adhered to by Pact and each of its members.

Rules on the exchange and discussion of information

- 3.3 Whilst the exchange and discussion of certain information helps trade associations pursue legitimate aims, trade associations should not act as a forum for Competitively Sensitive Information (**CSI**) to be exchanged and discussed.
- 3.4 As a rule of thumb, CSI is information that the recipient would find commercially useful for predicting how its competitor will compete. Any information of Party A that, if received by Party B, could have an influence on Party B's commercial strategy is CSI.
- 3.5 Competition law risk from exchanging CSI generally occurs where the information in question is:
- 3.5.1 **'strategic'**, e.g. information on fees/rates paid to suppliers/contractors or 'prices' charged to customers (e.g. licence or production fees for television productions or the amount/commission for licensing rights to films), costs, product development, marketing plans, M&A plans, and investments;
 - 3.5.2 **individualised**, i.e. not sufficiently aggregated/anonymised;
 - 3.5.3 **current/future**, i.e. information that could still be relevant to determining commercial strategy; and
 - 3.5.4 **not in the public domain**.
- 3.6 A 'traffic light' summary of what information can, might and should not be exchanged and discussed at Pact meetings or in the context of other activities involving Pact is set out below.

Generally permitted

- 3.7 It is usually permitted for the following types of information to be exchanged or discussed between Pact members at Pact meetings, or in the context of other activities involving Pact. In case of any doubts, legal clearance should be sought:
- 3.7.1 Non-confidential information that is in the public domain (i.e. can be easily accessed by anyone for free).
 - 3.7.2 Technical industry issues including standards and health and safety matters.
 - 3.7.3 Non-strategic technical or scientific data that results in improved outputs or consumer benefits.

May be permitted

- 3.8 The exchange and discussion of other types of information may have positive benefits, but could also result in competition being restricted or distorted. The following types of issues and information relating to them may be exchanged or discussed between Pact members at Pact meetings, or in the context of other activities involving Pact, but legal clearance should generally be sought in advance:

- 3.8.1 Industry public relations or lobbying initiatives.
 - 3.8.2 Industry standards that increase safety.
 - 3.8.3 Industry initiatives on ESG matters.
- 3.9 In addition, it may also be permissible for Pact itself to receive CSI from its members, for example on fees/rates paid to contractors, for the purpose of producing industry studies/statistics/benchmarks on an aggregated basis, but legal clearance should generally be sought in advance. In no circumstances should Pact distribute the individualised CSI it has received back to its members.

Not permitted

- 3.10 Pact and its members should otherwise ensure that no exchange or discussion of CSI takes place at Pact meetings, or in the context of other activities involving Pact, unless specific authorisation has been given by the Director of Business Affairs. In particular, the following types of CSI should not be exchanged or discussed:
- 3.10.1 Costs – including on fees/rates paid to suppliers/contractors and any opinion as to the acceptable level of fees/rates generally prevalent on the market or applied by any competitor.
 - 3.10.2 'Prices' charged to customers – including on current or intended licence or production fee arrangements with broadcasters (including within established tariff bands) or current or intended amounts/commission charged to distributors for rights to film productions, and any opinion as to the acceptable level of such 'prices' generally prevalent on the market or applied by any competitor.
 - 3.10.3 Marketing policies and strategies.
 - 3.10.4 Actual or potential customers such as distributors and broadcasters, where such information is not in the public domain.

Rules for collective agreements

- 3.11 Pact may also negotiate and enter into collective agreements on behalf of its members. These collective agreements include recommended terms related to the fees, rates and conditions on which contractors may be engaged by a Pact member and are non-binding on Pact members. No action will be taken by Pact and its members to enforce the use of these agreements or the terms of these agreements.
- 3.12 In order to negotiate the collective agreements:
- 3.12.1 Pact may obtain CSI from its Members where this is directly relevant to the negotiation of such agreements, but in no circumstances shall it distribute the individualised CSI it has received back to its members.
 - 3.12.2 Pact may solicit the views of its members on matters such as appropriate fee levels to be included as recommended terms. Responses should be provided on a member by member basis, and should not be discussed between members. Pact should generally

avoid providing a summary of the responses that it has received to its membership unless this is directly related to and necessary for determining its negotiating position, and should never provide a summary in a form that would make the identification of individual company responses possible.

Conduct of Pact meetings

- 3.13** A written agenda of each Pact meeting should be circulated in advance. Pact members should raise any concerns they may have that an item for discussion could raise competition law issues. Discussions should keep to this agenda.
- 3.14** The following statement will be circulated with the agenda for every Pact meeting:
- “Pact takes compliance with competition law seriously and has a Competition Law Compliance Policy which members are required to adhere to. All participants in this meeting should ensure that this meeting is conducted in accordance with the Policy and that in particular, no discussion of commercially sensitive information shall take place. A written agenda for this meeting has been circulated in advance, and discussions should conform to that agenda. If you have concerns relating to agendas for meetings, please raise these at the earliest opportunity.”
- 3.15** The following statement will be read out at the start of every Pact meeting:
- “Pact has a competition policy that needs to be taken into account and adhered to in the context of this meeting.”
- 3.16** Written minutes of each meeting of each meeting will be kept, and a legal advisor might be present to monitor discussions.
- 3.17** If CSI is discussed at a meeting, the meeting will be immediately stopped, and relevant participants will be asked to leave.