

11-1800 Antitrust Policy

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Executive Summary

Seagate is dedicated to strict compliance with state, federal, and international antitrust and fair competition laws. Compliance with these regulations is considered fundamental to our long term success.

Content

Scope - This policy provides guidance for complying with state, federal, and international laws and regulations about fair competition and competitive practices. It does not provide guidance for every potential situation. Therefore, seek assistance from Seagate's Legal Department if this policy does not address your specific situation.

Details

I. INTRODUCTION

Antitrust laws protect the fair and open markets by prohibiting certain conduct that frustrates or restricts competition. They are designed to preserve and promote competition in order to improve innovation, lower prices, and increase choices for consumers.

Anyone who consciously violates, knowingly authorizes, or allows a subordinate or agent to violate these laws is subject to discipline, up to and including termination. Additionally, some violations of antitrust laws may be prosecuted as criminal acts that are punishable by up to ten years imprisonment and fines up to one million dollars for individuals.

Antitrust laws prohibit conduct considered to be anticompetitive, including the following:

- understandings or agreements between companies that unreasonably reduce competition;
- exclusionary or predatory conduct by a company that maintains a monopoly; and
- other unfair business practices.

II. ANTICOMPETITIVE AGREEMENTS WITH COMPETITORS

Antitrust laws are specifically concerned with agreements between competitors that limit competition. These agreements, whether explicit, implied, or inferred from conduct, threaten to reduce competition, stifle innovation, and lead to higher prices and less attractive options for consumers.

Certain agreements or understandings among competitors – such as price fixing, bid rigging, and market allocations – are considered per se illegal because they have no pro-competitive justification. This means they lack any value to consumers. The act of reaching such an agreement is against the law because these arrangements are inherently anticompetitive. These agreements violate antitrust laws even if they have no real effect on a market. Many of these types of agreements can result in criminal prosecution.

1. Price Fixing

Price fixing is prohibited by antitrust laws. Price fixing includes agreements with competitors to set, regulate, or affect the

prices of products or services bought or sold. These types of agreements include, but are not limited to, agreements with competitors to do any of the following:

- set a fixed, minimum, or maximum price or price range for a product or service
- use a common formula, calculation, or bargaining strategy to determine price
- limit output, even if the output agreed upon is greater than past levels
- establish uniform discounts, standard credit, warranty or return policies
- uniformly time or announce price changes or restrict advertised prices

These prohibitions apply to buyers and sellers. Agreements with competitors regarding supply and output have the same negative effects as agreements on price and are punished just as strictly.

2. Bid Rigging

It is illegal to reach an agreement with competitors to fix or rotate bids or to agree not to bid at all. Bid rigging includes agreeing with competitors to submit losing bids, or to refrain from bidding aggressively on certain opportunities in exchange for winning bids for a separate opportunity.

3. Market Allocation

It is illegal to enter into any agreement with current or potential competitors to allocate markets, or to not compete in or for, any of the following:

- product lines;
- suppliers;
- customers; or
- territories.

This prohibition also means competitors may not form agreements to not engage in normal competitive behavior, like advertising.

4. Group Boycotts

Group boycotts are agreements between two or more entities that restrict the ability of another market participant to compete. Group boycotts have anticompetitive effects by deterring customers or suppliers from dealing with a competitor, or by denying a competitor a necessary product or service. This restriction applies to boycott agreements between competitors and similar agreements between suppliers and their customers or distributors.

If you see any conduct or proposed conduct that could appear to be price fixing, bid rigging, market allocation, or a group boycott, contact the Seagate Legal Department for guidance.

5. Communications with Competitors

An illegal agreement can be inferred from seemingly innocent statements and conduct, so you should exercise caution when communicating with competitors.

You should not discuss or share competitively sensitive information with competitors, including:

- prices, credit terms, and other terms of purchase or sale
- customers or customer lists
- bidding plans or other prospective business strategies
- marketing plans
- sales territories
- costs

Please note that some competitors may also be customers. When dealing with a customer that is also a Seagate competitor be careful not to share competitively sensitive information (i.e., the information identified above). No information should be disclosed to or accepted from the competitor unless necessary to serve that competitor as a customer. All information received from such a customer should be used for lawful purposes only.

It is not uncommon to get information about competitors from sources other than the competitors themselves. Information may be obtained through industry reports, participation in trade associations, and industry conferences. You must be mindful that obtaining competitively sensitive information through those sources can give the appearance of an improper agreement. Please contact Seagate Legal Department if you believe any conduct may be an attempt to enter an improper agreement.

If communication with a competitor or customer involves an improper subject or becomes an inappropriate discussion, you should end the conversation immediately. Report the incident to the Seagate Legal Department as soon as possible.

III. ANTICOMPETITIVE AGREEMENTS WITH CUSTOMERS OR SUPPLIERS

Agreements among companies at different levels in the distribution chain can also raise antitrust concerns. "Vertical" agreements relating to price or limiting the ability to sell (or resell) to certain customers or in certain territories raise particular antitrust concerns. Two more common types of "vertical" agreements that could raise an issue are described below. The antitrust analysis of these types of agreements can be complicated and can vary depending on location. Please contact the Seagate Legal Department before entering into any vertical agreement or if another company proposes such an agreement.

1. Vertical Price Fixing or Resale Price Maintenance

Seagate cannot make an agreement with customers or distributors to set a particular or minimum resale price for a product. This could be viewed as "vertical price fixing" or "resale price maintenance." It could also raise antitrust concerns if Seagate required customers or distributors to follow a maximum resale price. While it may be legal to suggest a minimum advertised price (MAP) in certain geographies, this practice could raise anti-competitive concerns in other geographies.

2. Territorial and Customer Restrictions

Sellers may require distributors to resell their products exclusively, in particular territories, or only to specific consumers or classes of consumers. Some restrictions are allowed by law in some jurisdictions, but others are not. Some restrictive agreements may be considered a form of illegal price fixing similar to resale price maintenance depending on how the agreement is structured.

The penalties for price fixing and restricting markets can be very serious. If you have any questions about restrictive practices and the sale of Seagate products, contact the Seagate Legal Department.

IV. PREDATORY PRACTICES OR EXCLUSIONARY CONDUCT

The previous sections addressed agreements with competitors and agreements between customers and suppliers that are coordinated conduct between companies. A company can violate antitrust laws on its own by engaging in some unilateral exclusionary or predatory conduct. There are many types of unilateral conduct that could raise antitrust concerns. Three examples of such conduct are: (1) engaging in discriminatory pricing, (2) tying sales of products to other products, and (3) engaging in certain exclusionary supply or customer arrangements that prevent competition.

1. Price Discrimination

It is not lawful to directly or indirectly discriminate in price between different purchasers of commodities "of like grade and quality," if that discrimination may substantially lessen competition or creates a monopoly in any line of commerce.

Important exceptions to the general rule prohibiting price discrimination include:

a price adjustment to a customer to meet, but not beat, a competitor's price;

a lower price to a customer justified by a lower cost of manufacture, sale, or delivery to that customer;

properly applied volume or quantity based rebates or discounts. For example, volume based rebates should be

based on monthly or quarterly, but not annual, purchases and should not be retroactive;

a price reduction resulting from changed conditions, such as deterioration or obsolescence affecting the marketability of a product; or

a price reduction program available to all customers, though only some customers took advantage of the program.

"Indirect" price discrimination involves discriminating on terms other than price. For example, promotional allowances or services given to distributors in connection with the resale of a product must also be available to competing customers on comparable terms including the following:

advertising or promotional allowances and materials;

warehousing and storage facilities;

credit returns; and

prizes or free merchandise for promotional contests.

The defense of "meeting competition" applies to discrimination in promotions or services, but the defense of "cost justification" does not. If any customers cannot use or take advantage of the services or allowances in a promotional plan, Seagate must provide some other reasonable means of participation.

2. Tying

Tying occurs when a seller with market power offers one product or service (the "tying" product) for sale or lease on the condition that the buyer also purchases or leases other, different products or services (the "tied" products). One of the easiest ways to avoid tying is to make sure that all products are available for purchase, at a reasonable price, on a separate or individual basis.

3. Exclusionary Supply or Customer Arrangements

A company with market power that enters into an exclusionary supply arrangement for certain components or with certain customers can violate the antitrust laws when the arrangement limits a competitor's ability to compete in a market (e.g., limits the competitor's ability to purchase certain components or restricts access to a significant customer). For this violation, a company generally needs "market power" and the conduct must prevent (or have the potential to prevent) a competitor from accessing a substantial portion of the market. The thresholds for proving this can sometimes be low.

If you should have any questions as to whether a certain supply arrangement, tying arrangement, or pricing practice raises an antitrust concern, please contact the Seagate Legal Department.

V. UNFAIR BUSINESS PRACTICES

Many nations prohibit "unfair methods of competition" and "unfair or deceptive acts or practices," including but not limited to:

- commercial bribery
- coercion, intimidation, or scare tactics against customers, prospective customers, competitors, or suppliers
- offering special benefits to dealers who agree to exclude competing product lines;
- acquiring competitors' trade secrets by unfair means
- making false or deceptive statements about third parties or competitors or their products, business practices, financial status, or reliability
- misrepresenting the price, composition, effectiveness, quality, or other characteristics of a product

Liability can be avoided by using common sense. Do not make false representations. Avoid criticism or harassment of competitors and their offerings. If you are ever in doubt whether planned conduct might be unfair or deceptive, contact the Seagate Legal Department before acting.

VI. CONCLUSION

Seagate's commitment to free and fair competition relies on you following the antitrust laws. Use your good judgment and, whenever you come across a situation with antitrust issues, contact the Seagate Legal Department for guidance.

Report any concerns through the [Seagate Ethics Helpline](#) (available languages: English, Chinese, Korean, Malay, and Thai).