

Antitrust Compliance Policy

PURPOSE OF THIS POLICY

Set forth below is a detailed explanation of Velocity, a Managed Services Company, Inc.'s antitrust compliance policy. All team members and agents who have any material contact or interaction with Velocity's customers, prospective customers and competitors should familiarize themselves with this policy and abide by it at all times. To the extent that any team member or agent has questions regarding any aspects of the policy or antitrust compliance generally, you are encouraged to either contact the legal department or the company's legal and compliance hotline at 1-833-236-6127. You also may email questions and concerns to reportaproblem@velocitymsc.com.

DEFINITION

The antitrust laws prohibit business practices that limit and prohibit certain anticompetitive market practices.

POLICY STATEMENT

1. WHAT ARE THE ANTITRUST LAWS?

Broadly stated, the following practices are banned under the antitrust laws:

- **Cartels.** These are agreements among competitors to fix prices, restrict output, allocate markets, rig bids, and so on. All cartels are illegal, whether the agreement is written or oral, expressly made, or implied. Cartels are the most serious form of antitrust violation. Participation in a cartel can lead to severe penalties, including imprisonment of the employees involved.
- **Anticompetitive agreements with competitors.** Other than cartels, collaboration among competitors violates the antitrust laws when it has a harmful effect on competition. All of our dealings with competitors must be reviewed by Velocity attorneys to ensure compliance. These dealings include:
 - agreements and collaborations;
 - meetings;
 - communications; and
 - memberships in industry associations.
- **Anticompetitive dealings with customers or suppliers.** Restrictions on the resale of a company's products, such as resale price agreements, exclusive territories, and customer restrictions, can be illegal if they impair competition. Antitrust risks can also arise in other aspects of a company's relationships with customers and suppliers, including:

- sales that require the customer to purchase two or more separate products;
- discrimination in the prices charged to different customers or in merchandising support;
- cooperative purchasing arrangements; and
- fictitious brokerage (that is, paying a commission to a buyer or its agent in lieu of offering a discount).

Velocity attorneys must review all these arrangements.

- **Monopolization.** If a company has a high market share, or if it has a reasonable prospect of obtaining a high market share, it can violate the antitrust laws by conduct that limits the ability of other companies to compete. Conduct that might be permissible for smaller companies may be illegal for a monopolist. A company does not violate the antitrust laws, even if it has a very high market share, if its conduct consists only of competition on the basis of lower prices, better products, or better service.
- **Anticompetitive corporate transactions.** Some corporate transactions may violate the antitrust laws if they impair competition. These transactions include:
 - mergers;
 - acquisitions of the voting shares or the assets of other companies; and
 - joint ventures.

Corporate transactions meeting certain thresholds must be reported to the antitrust authorities before they are completed. All corporate transactions must be reviewed with Velocity attorneys.

These antitrust laws apply throughout the United States. However, employees must not relax their commitment to compliance when traveling outside the country. The U.S. antitrust laws have significant application overseas, and most other countries where Velocity does business have enacted similar laws.

2. STEERING CLEAR OF CARTELS

A cartel violation has serious consequences. It is a criminal offense, exposing Velocity to a significant risk of very large fines and the individual employees who participate in the cartel to both fines and imprisonment. Prison sentences average more than a year but can be even longer. In addition, Velocity can face class actions for enormous damages. Even if Velocity and its employees were to succeed in defending against cartel charges, we would incur considerable legal costs in connection with the defense and likely suffer a serious disruption of business and harm to our reputation. Therefore, all employees of Velocity must take care to avoid any conduct that might be characterized as cartel behavior.

A. Forbidden Agreements

Never agree with any competitor on the following subjects:

- Prices that either company will announce or charge their customers.
- The timing or method of price increases.
- Terms of sale or delivery that either company will offer customers.
- Markets in which either company will or will not sell.
- Customers or categories of customers.
- Bids to any customers, including decisions not to bid.
- Production or sales volumes.
- Not to poach or solicit competitor's employees to enter a no-poaching or non-solicitation agreement.
- Employee salaries, terms of employment, or employee benefits.

Remember that a cartel violation does not require a formal or written agreement. An informal conversation or implied understanding violates the antitrust laws if the effect is an agreement on an illegal subject.

B. Meetings and Discussions with Competitors

Any meeting or discussion with a competitor carries the risk that it will be construed later as evidence of an illegal cartel agreement. Therefore, Velocity employees must avoid all meetings and discussions with employees or representatives of a competitor unless a legitimate business purpose is involved. In the event of any uncertainty over whether a legitimate business purpose is involved, Velocity attorneys should be consulted.

For any meeting or discussion with a competitor that does proceed, the following steps must be taken:

- Document in advance that both sides understand the business purpose of the discussion. For example, agree on an agenda or exchange emails identifying the topics for discussion.
- Restrict the discussion to the identified purpose.
- Make a record of the meeting or discussion, noting the following:
 - date;
 - time;
 - place;
 - duration;
 - the persons participating;
 - all matters discussed; and all agreed follow-up actions.

Never discuss any of the following subjects with any competitor:

- Prices.
- Timing of price changes.
- Magnitude of price changes.
- Costs.
- Profit margins.
- Sales forecasts.
- Sales plans.
- Sales territories.
- Distribution practices.
- Terms offered to particular customers.
- Capacity utilization.
- Competitive bidding plans or strategy.
- Pricing and marketing strategies.
- Market shares.

C. Sources of Competitive Information

To compete effectively, Velocity must gather information about our pricing and their actions in the marketplace. We may not obtain this information directly from competitors, however, because the exchange of sensitive information can imply an agreement. Rather, we may gather competitive information only from legitimate sources, such as:

- The business press.
- The Internet.
- Customers.
- Consultants.

While customers and consultants are legitimate sources of competitive information, do not regularly solicit information from them. When customers or consultants are the source of competitive information, avoid circumstances that could suggest the use of an intermediary to communicate with competitors. In particular, do not consent to any customer or consultant sharing Velocity's sensitive information with any competitor.

Velocity employees must avoid using competitive information received from an unknown source. This includes documents that arrive in unmarked envelopes and information conveyed by intermediaries who do not disclose their sources.

D. Loose Language

If Velocity becomes involved in an investigation or litigation over cartel issues, our internal documents will be examined carefully for evidence of an illegal agreement. Therefore, Velocity employees must avoid using careless language in e-mails, memoranda, notes, and public statements that might suggest an illegal agreement to a suspicious lawyer or investigator. The following are some examples of careless word choices that should be avoided:

- The industry is implementing a price increase. This suggests that firms are acting collectively.
- The industry lacks discipline. When said to, or in the presence of, a competitor, this suggests an invitation to raise prices or avoid discounting.

E. Reports

Any Velocity employee who observes or hears of anyone acting in a manner inconsistent with these instructions, or who has any reason to suspect that someone acting on behalf of Velocity is engaged in cartel behavior, must report the conduct through the reporting channels described at the end of this policy.

In addition, Velocity employees must report any conduct by representatives of competitors which suggests pricing coordination or other cartel behavior. This conduct includes a competitor's employee:

- Requesting that Velocity refrain from competing for particular customers.
- Trying to discuss forbidden subjects.

Any Velocity employee reporting suspicious conduct through the reporting channels will be protected from all forms of retaliation.

F. Amnesty for the First Company to Report a Cartel

Velocity employees should be aware that the U.S. Department of Justice has established a Corporate Leniency Program, which gives amnesty to the first company that reports a cartel and that meets certain requirements. This amnesty provides complete immunity from fines to Velocity, and complete immunity from fines and imprisonment for employees who cooperate with the government's investigation.

To have an opportunity for these benefits, Velocity attorneys must have notice of any cartel behavior as soon as possible, because amnesty is given only to the first company to report the cartel. Our competitors have the same opportunity for amnesty if they are the first to report. No employee should rely on other members of a cartel to keep the illegal agreement secret.

3. RELATIONSHIPS WITH COMPETITORS

In addition to avoiding cartels, Velocity must ensure that our business dealings with any competitor comply with the antitrust laws.

A. Joint Ventures and Collaborations Among Competitors

On occasion, Velocity may collaborate with one or more competitors to share certain functions, such as production, sales, or research and development. The collaboration may take the form of a joint venture, or it may proceed on an informal basis.

If these collaborations are designed and managed carefully, they will not violate the antitrust laws, even if they involve some restrictions on competition between the joint venture parties. However, the task of conforming these joint ventures to the antitrust laws is very complex. If it is not done correctly, Velocity could be exposed to serious and unnecessary antitrust risks, including potential liability for a cartel agreement. Therefore, the following rules apply to any form of collaboration with an actual or potential competitor:

- Before beginning any discussion with a competitor concerning a potential collaboration, consult with Velocity attorneys.
- Velocity attorneys monitor all communications with competitors during the formation of a joint venture or collaborative agreement. Any restriction on communications imposed by Velocity attorneys must be followed.
- Before any joint venture or collaborative agreement with a competitor is finalized and implemented, the Velocity attorney issues rules for Velocity's participation. Those rules must be followed.

B. Boycotts

Although Velocity is generally free to decide not to do business with a supplier, customer, or competitor, these decisions carry antitrust risks when two or more companies jointly make them. Employees should avoid the following types of agreements, which may be viewed as illegal boycotts:

- An agreement among competitors not to do business with particular suppliers or customers.
- An agreement among certain competitors not to collaborate or do business with other competitors.
- An agreement to the request of two or more customers, or two or more suppliers, not to do business with competitors of the companies making the request.

A boycott can be based on an absolute refusal to do business with the targeted companies, or on a willingness to do business with them only on certain conditions. Some agreements of this type can be legal, but employees should not enter or discuss any of these agreements without first consulting Velocity attorneys.

C. Trade Associations

Velocity participates in various trade associations in which our competitors also participate. These trade associations serve a variety of important objectives, including:

- Coordinating efforts among the members on lobbying governmental agencies.
- Protecting the health and safety of our customers and employees.
- Protecting customers from fraudulent and deceptive practices.
- Setting product standards that facilitate competition.

The antitrust laws permit competitors to meet and discuss these topics under the sponsorship of trade associations, provided that the discussions do not result in agreements that impair competition. Trade association meetings must not be used or perceived as an opportunity to form or maintain a cartel.

To avoid unnecessary antitrust risks, all employees planning to attend trade association meetings where representatives of competitors will be present must adhere to the following rules:

- Review the agenda in advance. Confirm that the discussion will be related to the legitimate missions of the association and will not include discussion of any topic that you should not discuss in the presence of competitors. If these points cannot be confirmed, do not attend the meeting.
- At the meeting, insist that the discussion strictly conform to the agenda.
- In the event that discussion arises over any sensitive topic, insist that it end immediately. If the discussion continues, leave the meeting, and ask that the minutes reflect your departure.
- Review the minutes of the meeting for accuracy and completeness.
- If the association proposes any course of action that involves collaboration among competitors, review the proposed action with Velocity attorneys before participating or expressing approval.

D. Industry Surveys

Velocity may be asked to participate in a survey that collects and publishes information about pricing, sales volumes, and other sensitive information. If these surveys are undertaken without following certain precautions, they can result in antitrust liability for the participating companies. Therefore, no employee should contribute or subscribe to an industry survey without first discussing the survey with Velocity attorneys.

4. RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

We must deal with customers and suppliers fairly and in a manner that best advances the competitiveness of Velocity's products and services. The legality of any particular policy or practice relating to our customers or suppliers will depend on the facts and circumstances of the particular case.

A. Resale Price Agreements

Velocity may wish that wholesalers or retailers resell Velocity's products only at a specified price or above a minimum price. The application of the antitrust laws to price restrictions on customers is complicated and fact specific. We must avoid practices that can lead to expensive litigation and unnecessary disputes with customers and that could ultimately be found illegal. Therefore, no employee should ever reach agreement with a wholesaler or retailer concerning the resale prices of Velocity's product, either in writing or orally, unless Velocity attorneys have reviewed and approved of the arrangement.

The antitrust laws permit Velocity to issue suggested resale prices, so long as the prices are not the subject of an agreement with any dealer. Consequently, when issuing suggested resale prices, employees must never seek or accept a commitment from any dealer to follow the suggested prices. Rather, dealers should be told that they are free to decide on their own resale prices.

The antitrust laws also allow Velocity to decide whether or not to continue to do business with a particular dealer based on that dealer's adherence to the suggested resale prices. However, any decision to terminate a dealer must be made unilaterally by Velocity and not under an agreement with that dealer or any other dealer. Employees should never discuss with any dealer whether Velocity has or will terminate another dealer for failure to follow suggested resale prices. No dealer should be terminated without the prior review and approval of Velocity attorneys.

B. Exclusive Territories and Customers

An agreement that gives a dealer exclusive rights to a particular territory or category of customers, and restricts other dealers from infringing those exclusive rights, can be illegal in some circumstances. No dealer should be granted exclusive rights without the prior review and approval of Velocity attorneys.

C. Tying and Reciprocal Buying

A tying arrangement occurs when a seller agrees to sell one product only on the condition that the customer purchases a second product. Tying arrangements can constitute antitrust violations in certain circumstances. These circumstances include:

- **Two products.** Tying is only illegal when it involves two separate products. Tying separate components of a single product, such as tires on an automobile or laces on shoes, is legal.
- **Conditional sale.** For a tying arrangement to be illegal, the buyer must be forced to purchase the second product. No tying will be found if the buyer has the practical ability to purchase the desired product alone, even if the buyer prefers to purchase a package of two or more products.

A related type of transaction is reciprocal buying, which occurs when a seller agrees to sell one product to the buyer on the condition that the buyer sell it a different product. Reciprocal buying can be illegal if coercion is used.

Velocity attorneys must be consulted about any tying or reciprocal buying transaction where these circumstances are present, or where a customer might argue that they are present. The transaction might still be legal, depending on other circumstances, but the antitrust risk is significant. A review for antitrust compliance is essential.

D. Meetings with Dealers

Remember that many of Velocity's dealers are competitors of one another. Velocity may face antitrust liability if it is found to have helped the dealers enter into a cartel or reach an anticompetitive agreement. To avoid this risk, employees must avoid participating in any meeting or discussion among two or more dealers that involves any of the following topics:

- The prices or pricing practices of any dealer.
- The territory or location of any dealer.
- The termination of any dealer.
- The identity or number of newly appointed dealers.

These topics should be discussed only in individual meetings, and the conversation should be limited to matters relating to the particular dealer.

Any employee who has reason to believe that dealers have communicated with one another about prices, territories, or other aspects of competition should report the matter through the reporting channels (see the **Reporting Channels** section below). A failure to report the conduct could expose Velocity to the charge that it assisted and protected the dealers in their potentially illegal conduct.

E. Cooperative Purchasing

The participation of competitors in a cooperative buying arrangement can be legal, particularly when it achieves efficiencies. However, these arrangements can carry significant risks of antitrust liability, particularly if a court determines that the arrangement serves to facilitate a cartel among the participants. All cooperative buying arrangements must be reviewed with Velocity attorneys.

5. PRICE DISCRIMINATION

A. Factors

A provision of the antitrust laws prohibits companies from charging different prices to different customers in certain circumstances. To violate this law, several factors must be present, including the following:

- **Goods.** The price discrimination law applies only to sales of goods, not services.
- **Sales.** Only completed sales can lead to illegal discrimination. Offers to sell at lower prices, or refusals to sell at a low price, do not qualify.
- **Two purchasers.** The goods must be sold to two or more different purchasers. A subsidiary or affiliate of the seller is not a purchaser, and its receipt of favorable pricing is not illegal.
- **Different prices.** Discrimination exists only when the two purchasers pay different prices, after taking into account all applicable discounts and rebates.
- **Contemporaneous.** The sales must be made at about the same time. Price changes made from time-to-time and seasonal discounts will not support a finding of price discrimination.
- **Like grade and quality.** The two sales must involve products of like grade and quality. Charging a higher price for a premium grade is not illegal.
- **Competitive injury.** Price discrimination is illegal only if it leads to a competitive injury (a negative impact on competition). There can be injury if the customer paying the lower price takes business away from the customer paying the higher price. The injury can also be further down the chain of distribution. For example, a favored wholesaler may pass its lower price on to retailers who take business away from other retailers who are supplied by the disfavored wholesaler. No injury is likely to be found if:
 - the discrimination occurs between end users;
 - the discrimination occurs between customers who do not compete, directly or indirectly; or
 - the price difference is too small or too short in duration to have an impact on competition between purchasers.

There are several defenses to a price-discrimination claim, including a meeting competition defense in which a company gives a lower price in response to a competitor's offer of a lower price. If the seller acts in good faith (meaning that it reasonably and sincerely believes that the customer has received a lower price offer from a competitor), it can reduce its own price as low as the competitor's price, but not below.

B. Discrimination in Merchandising Support

If a seller supports its customers in advertising, promoting, or reselling its products (for example, by granting allowances or performing or subsidizing services), it must offer that support to all competing customers on proportionally equal terms. Discrimination in merchandising support is a violation of the antitrust laws and can expose Velocity to liability for damages to disfavored customers.

C. Buyer Liability

When a seller violates the antitrust laws by discriminating in price or merchandising support, the buyer can also be liable if it knowingly receives the benefit of the discrimination. Any employee who suspects that one of Velocity's suppliers has discriminated on price or merchandising support must report the incident immediately to Velocity Attorneys.

D. Fictitious Brokerage

The antitrust laws prohibit sales in which one party pays a commission or brokerage to the other, or to an agent of the other, except for services rendered. The laws also prohibit the seller from giving a discount in lieu of such commission or brokerage. The purpose of these provisions is to prevent the use of fictitious brokerage to conceal discriminatory pricing.

To violate the laws against fictitious brokerage, the payment or discount must be made between the buyer and the seller. Paying a commission to Velocity's own agents, or a brokerage to a true intermediary, is not a violation. Employees should consult Velocity attorneys about sales transactions that present any of the following situations:

- The seller makes a payment to the buyer or to an agent of the buyer.
- The buyer makes a payment to an employee or agent of the seller, rather than directly to the seller.
- The seller gives a discount purportedly to reflect a savings of commission or brokerage.
- A seller grants a discount only on condition that a broker or sales agent agrees to reduce its normal charges.

6. MONOPOLIZATION

In any line of business where Velocity has a high market share, we must ensure that we comply with the provisions of the antitrust laws that prohibit monopolization and attempted monopolization.

A. Monopoly Power

Monopolization laws apply when a company possesses monopoly power or holds such a strong position in a market that its conduct presents a dangerous probability of achieving monopoly power. The presence of monopoly power is a complex issue. For the purposes of compliance, employees should consult with Velocity attorneys when monopolization issues arise in markets where Velocity might be found to hold a market share of at least 50%.

B. Unlawful Acquisition or Maintenance of Monopoly Power

The antitrust laws do not prohibit monopolies alone. A violation occurs when Velocity acts to obtain, preserve, or enhance its monopoly by some method other than legitimate competition. Legitimate competition includes selling better products, charging lower prices, or delivering better service. Practices that can be found illegal include the following:

- Selling products below the cost of production (known as predatory pricing).
- Offering a bundled discount on a package of two or more products, where the seller has a monopoly position on one of the products and a competitor on the non-monopoly product cannot match the bundled price.
- Refusing to deal with a competitor, or with a customer or supplier of a competitor, where the deal would be profitable, and no reason exists for the refusal other than to exclude competition.
- Demanding exclusivity from suppliers or customers so that competitors are blocked from essential inputs or channels of distribution.

None of these practices are illegal in all circumstances. However, all of them carry antitrust risks. Employees must consult Velocity attorneys before undertaking any activity that might be characterized as one of these practices.

7. PATENTS

Merely exercising the rights conferred by a patent does not violate the antitrust laws. The antitrust laws do not prohibit a patent holder from charging a high price for a patented product, nor from refusing to license the patent to others. However, several practices involving patents can lead to antitrust violations, including the following:

- **Fraud on the patent office.** If a patent is obtained by misrepresenting or concealing information in the application to the Patent and Trademark Office, such as relevant prior art (public information that may be relevant to a patent's claim of originality), the result might be invalidation of the patent and antitrust liability.

- **Bad faith enforcement.** If a patent holder brings or threatens an infringement action without a reasonable and good faith belief that the patent is valid and that it has been infringed, the conduct could be found to be illegal monopolization.
- **Restrictive licensing practices.** Licenses can impose restrictions on the activities of licensees in limited circumstances, but some restrictions carry antitrust risks. Employees must consult with Velocity attorneys before entering any license agreement in the following situations:
 - The license controls the price that the licensee charges for products or services sold under the license;
 - Velocity issues a license to, or takes a license from, an actual or potential competitor for any of Velocity's products or services; or
 - Velocity issues a license to, or takes a license from, the holder of a patent covering technology that is an alternative to technology covered by one of Velocity's patents.
- **Patent pools.** Any arrangement involving the joint licensing of the patents of two or more independent patent holders must be reviewed by Velocity attorneys.

8. CORPORATE TRANSACTIONS

Acquisitions of assets or equity from another company can violate the antitrust laws if the effect of the acquisition could harm competition. Parties to transactions that meet certain financial thresholds, regardless of the deal's effect on competition, must give prior notice to federal antitrust agencies and delay closing their transactions for specified periods.

To ensure Velocity's compliance with this notice requirement, employees must consult Velocity attorneys before reaching an agreement on a transaction that would result in the acquisition by Velocity (or by any affiliate) of either assets, equity, or a combination of the two valued in excess of \$90 million. Included in that value may be assets or equity previously acquired from the same seller and still held by Velocity or its affiliates.

The failure to file a required notice with the agencies can have serious consequences. The parties can be:

- Fined up to \$40,654 per day for each day that they proceed without filing.
- Required to undo their transaction.
- Forced to delay closing until they have made a filing and the specified waiting period has expired.

The parties to a corporate transaction must also avoid "gun jumping" (that is, taking substantial steps to coordinate or integrate their activities before the required waiting period has expired). Standard contractual provisions that require a target to preserve its assets and operations until closing usually raise no issues. However, when the acquiring party exercises significant influence over the management of the target, or where the parties coordinate their business activities, the antitrust agencies may conclude that the parties are enjoying the benefits of their transaction prematurely and seek to impose fines.

9. REPORTING CHANNELS

To fulfill Velocity's commitment to comply with antitrust law, all of us have an obligation to report any of the following:

- A violation of the law.
- Conduct that might be a violation of the law.
- Questionable conduct that might indicate a violation.

A report may be made to any of the following:

- An employee's supervisor unless the employee suspects that the supervisor has participated in or condoned the violation.
- Velocity attorneys.
- The Compliance E-Mail (reportaproblem@velocitymsc.com) or Compliance Hotline (1-833-236-6127).

Reporting to the Compliance Hotline

The Compliance Hotline is a 24-hour service that any employee can contact to report any violation or potential violation of the law. Employees can also use the Compliance Hotline to seek any guidance on legal and ethical compliance. The Compliance Hotline can be contacted through one of the following channels:

- Telephone (US and Canada): 1-833-236-6127
- Email: reportaproblem@velocitymsc.com



Your reports to the Compliance Hotline will be confidential if you so request.

Velocity does not permit any retaliation of any kind for any report made in good faith of an actual or potential instance of illegal or unethical misconduct.