

Millennium & Copthorne Hotels plc
Competition Law Compliance

Policy Statement

It is the corporate policy of Millennium & Copthorne Hotels plc and its group companies (“M&C” or the “Group”) to comply with the laws of all jurisdictions in which they operate, including those laws that relate to anti-competitive business practices. All employees of the M&C’s corporate offices and hotels—including owned, managed and leased hotels and hotels which otherwise are operated by the Group—are required to adhere to this policy.

The purpose of this briefing note is to provide a guide about some key competition law principles so as to help employees recognise situations where legal advice is required. It is also aimed at minimising the risk of infringement of any applicable competition law regulations. If you have any questions about this briefing note or a particular situation, you should contact your regional legal department.

Potential Consequences of Non-Compliance

Sanctions for breaching competition law can be severe and, in addition to significant reputational damage, distraction and cost to the Group, may include the following:

- Investigations by competition authorities;
- Massive financial penalties which may be linked to total annual worldwide turnover of the Group (e.g., 10% of turnover);
- Civil claims for damages;
- The nullification of non-complying contracts; and
- In certain jurisdictions, criminal prosecution of individuals who have engaged in anti-competitive behaviour, with the possibility of substantial fines or lengthy prison sentences.

The following sets out some very basic “do’s” and “don’t’s” for employees of M&C’s corporate offices and hotels—particularly general managers, financial controllers, revenue managers, sales staff and personnel involved with procurement—to help you, on a day-to-day basis, to recognize and comply with the following competition law principles:

- A. Dealings with competitors;
- B. Dealings where a hotel is or may be “dominant” in a particular local market; and
- C. Resale price maintenance and other pricing restrictions.

Since your dealings can bind both you and M&C, it is important that you read and understand this guidance and obtain clarification from your regional legal department as necessary.

A. DEALINGS WITH COMPETITORS

Agreements Preventing, Restricting or Distorting Competition

What: Agreements and/or arrangements (whether written or verbal) between undertakings (including hotels, hotel owning companies, operators and providers of competing services such as conference services, etc.), that have the effect of, or which are likely to have the effect of, preventing, restricting or distorting competition.

Do:

- Consider carefully your interactions, communications and dealings with competitors and their employees and agents.
- Always check with your regional legal department if you are unsure if any dealings with competitors may have involved any prohibited conduct, including any of the “don’t’s” listed below.

Don’t:

- Disclose confidential or commercially sensitive information to, receive it from, or exchange it with, competitors. This includes information concerning clients, room rates, rates for hotel services and other pricing information (including components of pricing information such as discounts and rebates), terms or conditions of sales with clients, the costs and volumes of goods and services being purchased, details of bids and commercial plans. If any such information is received from competitors, ensure that your objection to the receipt of such information is explicitly recorded, as in certain jurisdictions the mere receipt of such information may constitute an infringement. Any records of your objection to the receipt of such information should be retained and provided to your regional legal department.
- Engage in the practice of “call-arounds”, whereby a hotel employee might contact, or be contacted by, competing hotels (for example, by way of telephone calls, e-mails, text messages) to exchange information about past, current or projected room rates, occupancy levels, discounts, promotions and other related hotel performance statistics.
- Enter into any arrangements, agreements or concerted practices with competitors, whether formally or informally, which:
 - (i) directly or indirectly fix purchase or selling prices, or any other trading conditions (for example, discounts or rebates, etc.);
 - (ii) limit or control production, markets, technical development or investment (for example, agreeing not to supply certain goods or services to a particular person or group);
 - (iii) share markets or sources of supply (for example, agreeing with competitors to share business from certain customers or categories of customers);
 - (iv) involve bid-rigging or collusive tendering; or
 - (v) otherwise apply dissimilar conditions to similar transactions, placing other trading parties at a disadvantage.

Note:

- Information disclosure may be made to pre-approved third party benchmarking companies such as STR Global (e.g., STAR reports), Deloitte and PKF subject to definitive agreements with such parties.
- This policy does not prohibit M&C hotels from reviewing commercially available reports and information, communicating with any other hotel on behalf of a specific guest seeking to relocate, or communicating with other hotels to accommodate guests in the event of a state of emergency, disaster or other similar situation.
- The restrictions under this policy do not apply to the sharing of price-related information among hotels which are owned, operated and controlled by the M&C Group.
- The restrictions under this policy do, however, apply to the sharing of price-related information to hotels which are owned by the Group but which are operated by third parties (e.g., Hilton, Novotel, etc.). Therefore, do not share price-related information with hotels which are co-branded with any such third party hotel brands.

- Please note that in certain jurisdictions, the mere receipt of any such information may constitute an infringement. As such, your objection to the receipt of such information must be made clear and unequivocal to the provider of such information and be documented.

Trade Association or Other Similar Meetings

What: Local or regional meetings among general managers, sales directors and/or procurement personnel of competitors, whether such meetings are formal or informal.

Do:

- Obtain an agenda before attending any such meeting and decide whether it is appropriate to attend. In particular, if the agenda of the meeting may involve discussion or sharing of any confidential or commercially sensitive information which amounts to any inappropriate matters (as defined below), do not participate in such a meeting, and indicate clearly your absence from the meeting and your objection to the possible receipt of any such information.
- Make sure there is a clear and accurate written record or there are minutes of the meeting.
- If, during the course of a meeting, the conversation involves inappropriate matters, immediately leave the meeting and ensure that your departure and objection to the unlawful conduct is explicitly recorded. Such records should be retained by your regional legal department.

Don't:

- Disclose confidential or commercially sensitive information to or exchange it through a trade or other similar associations.
- Discuss inappropriate matters as described above.

Note:

- "Inappropriate matters" include discussions concerning clients, past, current and projected room rates, rates for hotel services and other pricing information (including components of pricing information such as discounts and rebates), terms or conditions of sale with clients, occupancy levels, the costs and volumes of goods and services being purchased, details of bids and commercial plans.
- Because the mere receipt of any unlawful information concerning inappropriate matters may constitute an infringement, your objection to the receipt of such information must be made clear and unequivocal to the provider of such information and be documented.

B. ABUSE OF A DOMINANT MARKET POSITION

What: Conduct by one or more undertakings that amounts to the abuse of a dominant position with regard to a particular product or geographic market. A hotel will have a dominant market position if it has, either alone or acting in concert with other hotels, the "power to behave independently of competitive pressures". Generally, and subject to the competition laws of each particular jurisdiction, it is unlikely that a hotel will be dominant if its market share is below 20%. Where the hotel has more than 20% share in a relevant market, please contact your regional legal department.

Do:

- Set prices fairly and in a non-discriminatory manner.
- Offer a bundle of products or services to customers as an alternative to them buying those products or services separately.

Don't:

- Engage in predatory behaviour towards competitors, e.g., by charging excessively low or below cost prices to drive competitors out of business.
- Discriminate between customers in terms of price or other terms and conditions without an objective justification.
- Refuse to supply goods or services without an objective justification.
- Charge excessively high prices.
- Engage in "tying", where customers are obliged to buy a product or service they don't want so they will be able to buy another product or service they do want. This also may include offering discounts or rebates with the objective of requiring customers to purchase all of their needs for products/services from M&C hotels.
- Lock suppliers into exclusive contracts for a duration which is commercially unreasonable in the relevant marketplace.

C. RESALE PRICE MAINTENACE AND OTHER PRICING RESTRICTIONS

What: An agreement or other practice by which parties agree to fix the minimum resale price of goods or services.

Do:

- Allow resellers to sell M&C's goods and services at their own prices.

Don't:

- Restrict or prevent a buyer of M&C's goods or services (e.g., a retailer, wholesaler or distributor of rooms), by contract or otherwise, from determining its own resale price.
- Create a disincentive for a buyer to set its own prices, for example, by:
 - (i) fixing the buyer's distribution margin;
 - (ii) prohibiting resale discounts or fixing the maximum permitted discount level;
 - (iii) making promotional support conditional on reselling at a specified price;
 - (iv) using price monitoring services with a view to preventing or restricting the ability of a buyer to determine its own resale prices; or
 - (v) prohibiting the advertising of discounted prices by a reseller.

Note:

- Certain agency arrangements, e.g., online travel agencies, may contain limited resale price restrictions. All such terms and contracts must be approved by the legal department.

**Endorsed by the Board of Directors of Millennium & Copthorne Hotels plc on 30 July 2014
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