

South Carolina Brewers Guild
Antitrust Compliance Policy

Introduction

The antitrust laws are designed to promote full and fair competition in all markets and ensure that companies compete on a fair and equal basis. Vigorous competition drives businesses to innovate, operate efficiently, expand the choices for consumers in the marketplace, and generally promotes lower prices. Because trade associations like the South Carolina Brewers Guild (the “Guild”) are, by their nature, groups of competitors joined together for a common business purpose, trade associations and their members are subject to scrutiny under federal and state antitrust laws.

The Guild is fully committed to complying with the antitrust laws. It is also the responsibility of every one of the Guild’s members and their representatives to comply with both the letter and spirit of the antitrust laws. All Guild members and their representatives must therefore fully abide by this Antitrust Compliance Policy and the guidelines it provides.

The consequences for violating the antitrust laws are severe. Certain antitrust violations may be criminally prosecuted and can lead to both fines and imprisonment. Moreover, criminal prosecutions are not the only possible penalty for an antitrust violation. Private parties claiming to have been injured by an antitrust violation can bring a lawsuit seeking three times the amount of money damages they prove. Even if a claim is ultimately proven meritless, antitrust litigation and investigations into possible violations are costly and time-consuming, damaging to hard-earned reputations, and highly disruptive to the personal lives and business relationships of all involved. Therefore, it is critical that all members of the Guild and their representatives avoid any conduct that violates, or might be perceived to violate, the antitrust laws.

To assist all members of the Guild, the Board of Directors has adopted this Antitrust Compliance Policy and the guidelines discussed below. The purpose of these guidelines is to assist members not only to avoid violations of antitrust law, but also to prevent any appearance of a violation. These guidelines are not, however, intended to substitute for the legal advice members may receive from their own company’s legal counsel, nor can they possibly address every potential antitrust-related issue or concern that may arise. Rather, they provide a brief overview of some of the more common antitrust issues that may arise and are intended to help members and their representatives recognize and avoid them. Whenever there is doubt, it is the policy of the Guild to seek the assistance of legal counsel experienced in antitrust matters.

Antitrust Compliance and Member Guidelines

It is extremely important that Guild members and their representatives understand that the antitrust laws regulate their conduct at Guild meetings, events, social gatherings and activities, as well as their communications. Thus, when engaging in informal or social gatherings, discussions

and activities in connection with the Guild (including discussions and communications using the Guild's listserv), these member guidelines apply with the same force as they do to formal Guild meetings.

The most fundamental principle of antitrust law is that all competitors must act independently in the marketplace. This means that companies must not enter into any agreements or understandings with their competitors that restrict competition in any way.

Agreements among competitors that limit competition violate the antitrust laws. The existence of such an agreement, in and of itself, violates the antitrust laws, even if the agreement is never carried out. Moreover, an antitrust violation does not require proof of a formal agreement, such as a written contract. The existence of an agreement that violates the antitrust laws can be inferred from conduct, discussions or communications between representatives of competitors. For example, a price-fixing agreement can be proved from a discussion of prices among competitors followed by parallel or uniform pricing actions by each. Among the most common types of agreements that violate the antitrust laws are price-fixing, market allocation, and group boycotts.

Price-Fixing

It is unlawful for competitors to reach any agreement or understanding about prices, whether it is to raise, lower, or stabilize prices, set prices at a particular level or within a range, or in accordance with a particular formula. Unlawful price-fixing also includes agreements to control other factors that directly or indirectly affect price, such as establishing production levels, setting uniform discounts, profit margins, credit and payment terms, costs, allowances, promotions and other terms that affect prices. It is not a defense that any agreed-to prices or terms may be "reasonable" or "fair."

Market Allocation

The antitrust laws also prohibit any agreement or understanding among competitors to divide or allocate customers or territories. Therefore, an agreement where one competitor agrees not to sell in another's territory or to a particular customer is an antitrust violation.

Group Boycotts

It is also an antitrust violation for groups of competitors to refuse to deal with certain suppliers, customers, or other competitors, or to take an action excluding or denying them a significant competitive advantage in the marketplace.

Do's and Don'ts of Antitrust Compliance

To further assist members and their representatives in compliance with the antitrust laws, the following are guidelines in the form of Do's and Don'ts. While no list of Do's and Don'ts can fully address every possible situation that may arise, the following is intended to provide important standards of conduct that members and their representatives must adhere to in fulfilling their responsibility to comply with the antitrust laws.

The Do's

1. Do make all pricing decisions independently of competitors and others outside of your company.
2. Do confine all discussions with members to the proper subjects for which a Guild meeting is convened. Limit the discussion to the planned agenda items. If you have any questions about the topics to be discussed and the topics to be avoided, consult with the Guild's counsel or your legal counsel in advance.
3. Do consult with the Guild's counsel or your own legal counsel before raising any subject or making any statement that may present a potential antitrust concern at any Guild meeting, formal or informal discussion or social gathering or through other communications.
4. Do consult with the Guild's counsel or your own legal counsel any time you have any concerns about discussions you may have had at a Guild meeting or function or elsewhere.
5. Do remember that it is the individual responsibility of all Guild members and their respective representatives to comply with this Antitrust Compliance Policy.
6. Do protest any discussions, communications or activities that appear to violate the antitrust laws and this Antitrust Compliance Policy; disassociate yourself from any such discussions, communications or activities, leave any meeting if they continue, and state why you are leaving.
7. Do exercise the utmost care and sound judgment to avoid even the appearance of any violation of the antitrust laws and this Antitrust Compliance Policy.
8. Do seek advice from your own counsel if questions arise regarding your individual responsibility under the antitrust laws and this Antitrust Compliance Policy.
9. Do report any violation of this Antitrust Compliance Policy to the Guild's counsel, its President and Board of Directors.

The Don'ts

1. Don't engage in any discussion, communication or exchange of any information concerning:
 - a. prices, price changes, price differentials, pricing strategies, policies or formulas, discounts, payment terms, credit, allowances, or terms or conditions of sale;
 - b. profits, profit margins, mark-ups, or cost data;
 - c. market shares or sales territories;
 - d. the allocation of customers, markets or territories;
 - e. selection, rejection or termination of customers or suppliers, or whether or not to do business with a particular business;
 - f. limiting or eliminating competition in any way; or
 - g. any competitively sensitive information concerning a member or third party's business.

2. Don't raise, discuss or exchange information regarding the above matters with other Guild members at any time, including, without limitation, at Guild meetings, formal, informal or social gatherings or events, in casual conversation or through other communication through the Guild.

3. Don't enter into any agreement or understanding about current or future prices, price levels, pricing policies or formulas, credit terms, discounts, costs, terms and conditions of sale, profit margins or other terms that may affect prices.

4. Don't enter into any agreement or understanding about allocating customers, markets or territories.

5. Don't enter into any agreement or understanding not to deal with suppliers or customers.

6. Don't enter into any agreement or understanding regarding the terms on which the Guild or any Guild member will or will not deal with particular competitors, suppliers, distributors, or customers.

This Antitrust Compliance Policy is intended to assist Guild members and their representatives in understanding and fulfilling their responsibility to comply with the antitrust laws. It is not, however, intended to anticipate every issue that can or may arise. If and when issues or concerns arise, always promptly contact counsel for guidance.