

**BULGARIAN NATIONAL ASSOCIATION OF ESSENTIAL OILS, PERFUMERY, AND COSMETICS  
(BNAEOPC)**

**INTERNAL RULES FOR EXCHANGE OF INFORMATION**

**1. Aim**

1.1. These internal rules regulate the activities related to information exchange between BNAEOPC members in order to ensure compliance with the principles of fair and effective competition between them and to avoid any anti-competitive outcomes resulting from the activities of the Association.

1.2. These internal rules for the exchange of information are an integral part of the Charter of BNAEOPC.

**2. Basics**

2.1. The exchange of information between competitors can exist in various forms and can both stimulate and limit competition.

2.2. The exchange of market information which increases market transparency is good for efficient competition, as long as it does not lead to creating conditions for coherent or coordinated market conduct of the association members.

2.3. The exchange of information between members of BNAEOPC must not lead to reduced incentives for enterprises to follow the competitive conduct of their markets, nor remove or significantly reduce the economic risk arising from uncertainty about their current or future market conduct and from their planned marketing strategies to attract more users.

2.4. The exchange of information that reduces uncertainty among beneficiaries about the future conduct of one or more competing enterprises reduces competition between enterprises and is prohibited.

2.5. Serious breach of the legal ban on exchange of information is exchange with actual or potential competitors of information that has the object or outcome of:

- Providing impact on competitors' market conduct;
- Disclosure before competitors of certain market conduct, which a member of the Association has decided to accept or is considering to adopt;
- Coordination of market conducts by enterprises through providing greater transparency on prices and other essential aspects of their business (product quantity, demand dynamics, breakdown of production costs, etc.).

2.6. Exchange of information between BNAEOPC members and through the Association is only possible under the conditions provided for in the Charter, the Code of Ethics, the Decisions of the Board of BNAEOPC and is subject to complying with the ban on exchange of commercially sensitive information between competitors as a form of violation of Art. 15, para. 1 of the Law on Protection of Competition

(LPC) and / or Art. 101, para. 1 of the Treaty on the Functioning of the European Union (TFEU).

### 3. **Information characteristics according to the rules on protection of competition**

#### 3.1. Strategic or commercially sensitive information;

This is information on the economic conduct of enterprises which is normally kept as trade secrets. Strategic information can be related to: prices (real prices, discounts, increases, decreases, pricing formulas and pricing models); clients or customers; production costs; capacity; production quantities; turnover; sales revenues; production quality; marketing plans; assumed risks; investments; technologies; innovations, etc. In particular, sharing sensitive information between members of BNAEOPC is not allowed because it can lead to concerted practices and can be regarded as evidence of other anticompetitive practices. Any information which is essential for BNAEOPC members concerning realization on the market is likely to be sensitive and must not be exchanged.

#### 3.2. Personalized and general information

Personalized information relates to a particular enterprise, while general information combines data from several enterprises so that identification of personalized data is impossible.

The exchange of aggregated data between members in which there is no possibility to identify personalized information on individual enterprises, is less likely to have a limiting impact on competition compared with an exchange of personalized data for individual members.

Personalized information must not be exchanged. BNAEOPC employees or independent third parties may collect statistical or other data as needed for the activities of BNAEOPC, but these data must be presented in a way that they are not publicly available, nor specific data on individual members of BNAEOPC can be derived from them.

#### 3.3. Historical, current (updated) and future information

Historical information is related to a period of time dating back at least one year prior to the exchange of information;

Current (updated) information is related to a period shorter than one year;

Future information is information that is not historical or current. It most often refers to an enterprise's business plans or forecasts of developments on a certain market or to the strategy it intends to pursue on this market;

In general, the exchange of historical information presented in a statistical (generalized) format complies with competition rules because it cannot have any real impact on the current or future conduct of enterprises operating on the relevant market.

#### 3.4. Public and confidential information

Even if there is public access to certain data, that does not exclude the existence of forbidden exchange of information between competitors if these data are not sufficient in terms of determining the strategic market conduct of enterprises they concern, thus competitors wishing to reduce strategic uncertainty related to the

process of market competition, create an additional mechanism for exchange of data which have no independent significance, but further elaborate or explain publicly available information.

### 3.5. Statistical indices and absolute data

The presentation of information in the form of statistical indices reflecting the numerical ratios between the indicators of the activity of different members of the Association is unlikely to constitute a breach of competition law, unlike information presented as absolute data, provided that these indices do not allow personalization of the enterprises to an extent to allow other members directly or indirectly to determine the marketing strategies of their competitors.

All statistical data on sensitive competitive information must be generalized based on enough enterprises to avoid the personalization of any member as they are to be made available only in summary format and must relate only to past periods, i.e. over 1 year back in time.

## 4. **Rules for operating on or in connection with a possible exchange of information**

4.1. It is imperative for the organization of the activities of the Association and for the members of BNAEOPC:

- For each meeting or session of members of the Association or of its bodies there must be a predetermined agenda which states the purpose of the meeting and the topics to be discussed.
- The Chair of each meeting or hearing must examine in advance the purpose of the meeting or session and the relevant agenda and make sure that it does not provide for disclosure or exchange of sensitive information, as, if in doubt, the agenda must be consulted with the legal advisers of the Association before the meeting or session is held.
- Before any meeting or session of the bodies or members of the Association, the Chair must remind attendees of the main principles of competition law related to information exchange
- For each meeting or session of members or bodies of the Association, Minutes shall be kept and shall be provided to all participants, enabling them to take a position on it.
- The minutes of any meeting or session shall specifically mention all participants in the meeting or session.
- All meetings held on the premises of BNAEOPC or related to membership in or activity involving BNAEOPC shall include representatives of the Association staff; shall such a participation be impossible, such a meeting shall be postponed to ensure such participation occurs.
- Any recommendations or guidelines by the Association to its members shall comply with the requirements of competition law in order not to lead to concerted practices, agreement between members and / or decision of association of enterprises. The process of identifying and elaborating of such guidelines and recommendations shall be open and transparent in compliance with the rules described above in order to ensure that they have the purpose or effect of restricting competition.
- In case of standard setting in the activities of the association and its members, such a standard shall not be

mandatory, it shall be open, and access to this standard shall be determined on a non-discriminatory basis for all competitors on the market, as the procedures for establishment and implementation of standards shall be transparent.

- Each BNAEOPC member shall endeavor to take due action and / or refrain from such activities in order that BNAEOPC activities be carried in a lawful manner.
- In the event of establishing an infringement of any of the rules herein by a member and / or employee of the Association, the BNAEOPC Board shall immediately be notified with a view to taking the measures necessary for termination of the infringement.

4.2. The following conducts are prohibited for BNAEOPC members:

- Any practice or activity of individual members of the Association that would be considered unlawful is deemed prohibited in the work of BNAEOPC;
- Sensitive information that is not public, must not be shared directly between BNAEOPC members.
- Association Members are not allowed to discuss among themselves or agree in whatever form on:
  - i) prices and related items or practices thereof (terms of sales, profit margins, discounts, future pricing policy plans, costing methods, payment, warranties, etc.)
  - ii) production levels, supply sources, specifications (except for standards approved under the provisions by law), quantities or descriptions of goods or the manufacturing process;
  - iii) plans to enter a new market or the persons who are to implement such a new activity.
  - iv) possible courses of action to recover the cost of raw materials and price increases.
- Participate in discussions with competitors, allocate or share customers or their purchasing volumes or discuss or implement allocation of markets or marketing areas.
- Discuss a specific distribution or trade agreements (such as parallel imports, etc.) other than those of a general nature that affect the industry as a whole.
- Participate in any discussions or actions that could lead to adverse economic effects on competitors.
- Enter into any form agreements to exclude actual or potential competitors from the market.
- Adopt or adhere to a marketing strategy that actually leads to coordinating their market conduct on the market.

4.3. Research programs

For the purposes of the Association, setting up joint research programs by BNAEOPC and its members is possible, provided that the implementation of the program has been widely disclosed, no sensitive data is exchanged, all members (involving third parties as necessary) can participate in the program, the results are widely available, and none of the participants is limited in the use of the results.

## **5. Final provisions**

5.1. These internal rules for BNAEOPC focus on the actual effects of the activities of trade associations on

competition law, but remain general in nature. They are not and cannot be comprehensive; the lack of a definition of a particular conduct as prohibited cannot be interpreted in a way that means it is allowed.

5.2. Changes to these internal rules may be made only by the Board of BNAEOPC.

