US ANTI-TRUST COMPLIANCE POLICY

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Luxfer Antitrust Compliance Policy – United States of America

"WE WILL COMPETE VIGOROUSLY WITHIN LEGAL BOUNDS"

Luxfer Holdings PLC and its subsidiary companies ("Luxfer") requires full compliance with the antitrust and competition laws of the United States and other jurisdictions. Every Luxfer employee whose duties involve relations with competitors, customers, or suppliers must be aware and abide by the company's antitrust obligations. Antitrust rules are complex, and therefore employees should **seek legal specialist advice whenever, based on this document, Luxfer employees have concerns that Luxfer business activities could raise antitrust issues.**

These general guidelines focus on U.S. antitrust laws, but you should bear in mind that competition laws exist in many other countries where Luxfer companies do business.

A separate version of Luxfer's antitrust compliance policy has been drafted to cover pricing and other trading practices in the United Kingdom and European Union.

It is impractical to provide a version of the policy for every jurisdiction, but the principles behind all antitrust and competition laws are similar. It is Luxfer policy that all business units should comply with relevant competition or antitrust laws in whichever territory they trade.

Antitrust laws, such as the Sherman Act in the United States, prohibit agreements between competitors that may restrain competition. **Price fixing, customer allocation, bid rigging, and other agreements that eliminate competition between two or more parties without any legitimate justification are the most serious antitrust violations, and can result in criminal, as well as civil, penalties.** Luxfer policy requires that each Luxfer company independently determine the terms on which it will do business and prohibits making any such agreement with a competitor. There may be limited situations in which Luxfer companies have legitimate reasons to exchange internal information with competing companies. However, as a matter of principle, without prior approval by Luxfer's General Counsel, **Luxfer employees should refrain from exchanging (providing to or receiving from) any internal or commercially sensitive information with competing companies**, as it may be perceived to lessen competition between Luxfer companies and their competitors.

Other arrangements with competitors generally are lawful, such as most types of **joint ventures**, **benchmarking**, **participation in trade associations**, and **joint lobbying**. However, given the risks involved in cooperative activities with competitors under the competition laws of the United States, it is Luxfer policy that management and counsel be involved at the outset in reviewing such arrangements.

The antitrust laws also prohibit certain kinds of agreements with customers. These can include **exclusive dealing** arrangements, **tying**, **exclusive distributorships** and **resale price agreements**. The legality of these sorts of agreements, however, is highly fact specific. An agreement that is lawful in one context may be unlawful in another, depending upon the facts at issue. Accordingly, it is Luxfer 's policy that no such agreement shall be entered into without first consulting Luxfer's General Counsel. **Price discrimination** rules are complex and price discrimination may be regarded as an unfair trade practice, so Luxfer's General Counsel should also be consulted when Luxfer companies consider offering different prices or promotional terms to customers that compete.

The antitrust laws in the United States also prohibit conduct that prevents others from competing if the conduct may help to create or maintain a **monopoly or dominant position** in a market. Accordingly, special consideration should be given to business activities in any market in which a Luxfer company enjoys a significant market position.

Abiding by Luxfer's policy of complying with all antitrust laws is especially important because **the consequences of antitrust violations are severe**. The most serious violations may be prosecuted criminally, resulting in fines and, for individuals, jail time. Violations enforced civilly may result in large monetary penalties. Even being investigated for potential violations can result in the incurrence of significant costs, distraction from business operations and damage to our business reputation. All employees should be aware that any infringements of the procedures and guidelines in this policy will be viewed very seriously and will be regarded as a disciplinary matter which may well affect your career prospects. As an employee of a Luxfer company you have a personal responsibility.

Whether a practice may infringe competition rules will usually depend on an analysis of the particular market conditions in which the business is operating. Consequently, while some general guidelines are set out in this policy, there will often be circumstances where the situation will require further analysis and advice. Initial advice may be sought from Luxfer's General Counsel.

RESPONSIBILITY FOR THIS POLICY

The CEO has overall responsibility for the effective operation of this policy.

The executive leadership team (ELT) will review this policy annually and make any changes required to ensure it covers all applicable legal, regulatory and ethical obligations.

Managing directors of the Luxfer business units have day-to-day responsibility for implementing this policy and have a specific responsibility to set an appropriate standard of behaviour, to lead by example and to ensure that those they manage adhere to this policy and promote the aims and objectives of Luxfer with regard to compliance with antitrust and competition laws.

Alok Maskara
Chief Executive Officer
Luxfer Holdings PLC

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ANTITRUST LAWS

I. INTRODUCTION

A. The Importance of the Antitrust Laws

The antitrust laws of the United States are designed to ensure a competitive free market system. They are premised on the economic principle that competition among firms is good for consumers and the economy. Competition creates pressure on firms to operate efficiently, innovate, expand consumer choice and, in general, encourages lower prices. To ensure and preserve competition, the United States has outlawed certain anticompetitive practices through the passage and enforcement of antitrust laws.

B. The Consequences of Antitrust Violations

The penalties and consequences for violating the antitrust laws can be severe. For example, certain violations of the Sherman Act, which is the principal antitrust law in the United States, are criminal felonies. Individuals may be imprisoned for up to ten years, and prosecutors almost always seek and courts almost always impose prison sentences on convicted individuals. Very significant fines may be levied against both business entities (up to $100 million) and individuals (up to $1 million) for each violation.

Civil sanctions for antitrust violations also are severe. Under U.S. law, persons injured because of antitrust violations may recover three times their actual damages plus their costs and lawyers' fees. In the U.S., private antitrust class actions often are brought on behalf of large groups of complainants, which of course can enormously increase the scope of possible damages and fees. Antitrust litigation anywhere can be very costly for a company, not only because of the time required of employees and lawyers to defend such claims, but also because of the disruption to the day-to-day conduct of a company's business and damage to the reputation of the company and its industry.

C. Luxfer's Antitrust Policy

As the antitrust laws are important to the world economy, so are they important to Luxfer. Strict adherence to the letter and spirit of the antitrust laws continues to be a fundamental Luxfer policy. This can only be achieved through the knowledgeable cooperation of our employees. Every Luxfer employee whose duties involve relations with competitors, customers, or suppliers must learn and discharge his antitrust responsibilities. This educational process begins with a thorough awareness of the following guidelines. All managerial personnel have the additional responsibility of assuring that those who work under their direction are fully conversant with these guidelines and with the obligation to seek the advice of counsel whenever the proper course of action is in doubt.

Of all the requirements of these guidelines, the need to seek legal counsel is perhaps the most important, for no set of written instructions can possibly address all the antitrust questions that arise in the ordinary course of business activities. Consultation with legal counsel is necessary even in highly developed antitrust jurisdictions, such as the U.S. and the EU, as antitrust analysis can be complex and the antitrust laws change over time, often reflecting courts' and agencies' recognition of refinements in economic understanding of competition. In less developed antitrust jurisdictions, enforcement policies are only now being developed, and the lack of a substantial body of court or agency decisions makes it just as important to review with counsel any conduct that Luxfer employees are concerned could violate the antitrust laws of those jurisdictions.

D. Compliance Procedures

Part II below is intended to provide the basic "do's" and "don'ts" of antitrust to employees whose jobs

bring them into contact with competitors, customers or suppliers. The objective of the guidelines is not to make every employee an antitrust expert. Rather it is to make employees aware of those situations where antitrust concerns are likely to be present. Armed with such knowledge, the employees can then seek specific legal guidance if they have any doubt as to what they should do, say, or write. The severe civil and criminal penalties for both the company and its employees underscore the importance of these procedures and guidelines. Suspected violations of the law or these guidelines must be promptly reported to Luxfer's General Counsel.

II. GUIDELINES FOR ANTITRUST COMPLIANCE

All fifty U.S. states and over one hundred countries have enacted some form of antitrust or competition law, most of which impose standards comparable to those of the U.S. federal laws and EU law.

These guidelines focus on the antitrust laws of the United States. The United States, like most countries, apply the antitrust laws to conduct that affects competition within the United States, regardless of whether the actual conduct takes place outside or inside the country's boundaries. Therefore, all conduct of Luxfer's business that may materially affect any markets or commerce within the United States may be subject to these guidelines, even conduct that takes place outside the U.S.

A. Relations With Competitors

1. Agreements Restraining Trade

The antitrust laws of all countries prohibit certain agreements that unreasonably restrain trade. Obviously, any commercial agreement restrains trade to some extent. For example, an ordinary supply agreement means that the seller cannot supply the same committed goods to other buyers and the buyer cannot purchase that portion of his needs from other suppliers. Such incidental restraints generally are considered reasonable and lawful. It is only unreasonable restraints of trade—those more anticompetitive than procompetitive—that are forbidden.

Most business arrangements are lawful unless on balance they harm competition more than promote it. This is referred to in U.S. antitrust law as the "rule of reason." Analogous provisions exist in the competition laws of other jurisdictions. However, **the courts of the U.S. and of other jurisdictions have found that certain agreements between competitors are inherently unreasonable and therefore are always, or "per se," illegal, without regard to their actual economic effect or the intent of the parties**. The classic example is price fixing, an agreement between competitors on the price to be charged to others for goods or services. Price fixing is almost always anticompetitive. Therefore, regardless of the reasonableness of the price agreed, antitrust law simply outlaws all such agreements. Other examples of agreements that always are unlawful are agreements among competitors to set other terms of sale, to limit production, to divide customers or markets, or to bid or not bid. Per se illegal categories of conduct may be prosecuted criminally, while those analysed under the rule of reason generally are addressed in civil enforcement actions only.

2. The Meaning of "Agreement"

It is not necessary to have a written or formal agreement for there to be an antitrust violation. Agreements can be oral and informal, or even inferred from a course of conduct in the absence of any express undertaking or commitment. Therefore, as a matter of prudence, **subjects that cannot lawfully be agreed upon by competitors should not even be the subject of discussions**, information exchanges, or other communications with them. If such communications are followed by parallel action, a court or jury may find there was an illegal agreement even in the face of honest testimony by the participants that they did not intend any agreement or commitment.

3. Forbidden Communications With Competitors

Luxfer employees must avoid information exchanges or other communications with competitors on sensitive competitive matters. These include:

(a) Prices:

Our employees must not enter into any agreement, discussion or other communication with a competitor concerning prices, discounts, credit terms, promotions or other terms or conditions on which either sells. We do desire to learn as much as we lawfully can about our competitors' current prices and other competitive conduct so that we can always be competitive in the marketplace. However, **this information is not to be obtained through communications with competitors** but, instead, from such sources as published price lists, surveys of posted or advertised prices, and buyers in receipt of competitive offers.

Given the nature of the industries in which we compete, there may be instances in which a competitor is a customer or supplier of Luxfer. In such circumstances, it is necessary to discuss and to agree upon the prices and other terms of individual transactions between Luxfer and its supplier or customer. However, these relationships, or the information that they generate, cannot be used to reach unlawful agreements with competitors.

If a price list or other price information is received from a competitor not incident to a supply negotiation and in a situation not previously approved, the matter should promptly be brought to the attention of management and counsel.

(b) Agreements Allocating Customers or Sales Territories:

Agreements with competitors to divide geographic markets or territories, allocate sales according to customers or products, control or limit production, suppress new technology, or limit quality are illegal. Each directly reduces competition. These agreements among competitors are treated the same way as price fixing – subject to criminal prosecution. There should be no direct or indirect communications of any kind between any Luxfer company and its competitors regarding these matters.

(c) Joint Refusals to Deal (Boycott)

An agreement between two or more competitors not to do business with a particular buyer or seller may be an unlawful boycott. Businesses are free under the antitrust laws to choose with whom they will do business—to choose their customers or suppliers—if that choice is made wholly independently of competitors. An agreement between competitors to boycott suppliers or customers to discourage them from doing business with a competitor can be a violation, even if the reason for the boycott seems to have a noble purpose.

Any discussion with competitors about not dealing with a particular customer or firm may give rise to an inference of collusion. If you receive such a communication from a competitor, you should respond that Luxfer's policy forbids such discussions and you should end the communication. You should immediately report the communication to your manager.

(d) Information Exchanges:

Although there may be legitimate reasons for Luxfer to provide information on its business to other companies, exchanging competitive information with competitors may suggest the existence of an anticompetitive agreement or itself lessen competition. Before exchanging information relevant to competition with a competitor, management and counsel must be consulted. Similarly, Luxfer's participation in benchmarking exercises with competitors may also raise competitive concerns and, as

discussed more fully below, should not be undertaken without prior approval by management and counsel.

In summary, prices, production decisions, areas and classes of trade to be served, and the persons with whom and the terms on which business is to be conducted are all matters to be decided upon by Luxfer unilaterally, without agreement or communication with our competitors.

4. Permissible Communications With Competitors

In addition to communications relating to Luxfer's sales to or purchase of products from competitors, there are many other perfectly lawful relationships that may give rise to communications between competitors. These include:

(a) Trade Association Activities:

Trade Associations, including professional societies, have valuable and lawful functions, such as lobbying, collection and dissemination of certain data, and establishment of technical standards. Because these organizations often bring together representatives of competitors, special care must be taken by associational participants to avoid discussions or other conduct that might be misinterpreted. The activities of the association must be strictly limited to its lawful purposes. They must not become the occasion, whether in formal meetings or other conversations, for discussions of prices or any other subject that must be reserved for the independent determination of each competitor. Indeed, it is not uncommon for counsel to attend trade association meetings involving competitors to ensure that no inappropriate conversations occur.

Other trade association activities that may raise potential antitrust issues include: membership standards for companies desiring to participate in the association or any of its activities; the establishment of product standards or certification; joint research programs or any other activities requiring the exchange of confidential or proprietary information; the development of "codes of ethics" or other activities seeking to restrict "unfair," "unethical," or "deceptive" practices; and the gathering and dissemination of "competitively" sensitive data. Although such practices usually are lawful, the purpose of these activities should not include attempting to interfere with competition or to discriminate against a particular competitor.

(b) Lobbying Activities:

It is a lawful and indeed fundamental part of the governmental process in most democracies for those who are governed, including competitors, to join together to seek to influence governmental action whether legislative, executive or judicial. Acting honestly and in good faith, competitors may jointly seek governmental action or inaction, even if such action or inaction would restrain the commercial activities of others. Of course, care must be taken that lobbying activities do not become the occasion for communications with competitors on improper subjects such as the companies' individual business decisions.

(c) Benchmarking:

Comparison of "best practices" can advance a company's business activities and thus be a legitimate activity even when it is done among competitors. However, benchmarking also presents an opportunity for anticompetitive abuse. Given the similarity between benchmarking of the legitimate variety and that which poses antitrust issues, Luxfer employees who desire to participate in benchmarking exercises should secure legal review.

(d) Terminating Improper Discussions

In a variety of settings, a competitor's representative may attempt to initiate an improper discussion concerning prices or some other forbidden subject. In that event, you must state immediately that

you cannot participate in the discussion. If the discussion continues, you must depart from the person or group involved. It is not enough to do or say nothing; even your silent participation might later be characterized as assent. In all such cases, you must report the matter as soon as possible to your manager.

(e) Joint Operations

Joint operations or "joint ventures" describes a great variety of cooperative business activities that can legitimately be undertaken by competitors. As noted above, many forms of cooperation among competitors are illegal and must be scrupulously avoided, such as price fixing and market division. But many joint operations in the United States are perfectly lawful under U.S. antitrust laws under the "rule of reason" because they promote competition more than prevent competition.

Given the inherent sensitivity of cooperative business activities among competitors, each proposal for such an arrangement must be submitted to Luxfer's management and reviewed with counsel, except in cases clearly covered by prior advice. Such cooperative activities include both specific business ventures and any proposal to exchange data with competitors as part of considering such activities.

B. Relations With Customers

Antitrust issues may arise in Luxfer's relations with those customers, whether distributors or retailers, who purchase our products for resale to others. Our antitrust responsibilities derive in large part from the status of these customers as independent businesses. In particular, we must observe the following rules:

1. Territorial and Customer Restrictions

Restrictions on the geographic areas or industry sectors within which, or the persons to whom, our products may be resold can potentially raise substantial antitrust questions.

Generally, a manufacturer may sell exclusively through selected dealers and distributors in designated territories. In certain instances, however, it may be unlawful to prevent dealers or distributors from selling outside their assigned territories. Whether territorial restrictions are lawful depends on the legitimacy of the business purpose involved and the extent to which the restriction lessens competition. Any decision to adopt territorial restrictions should be reviewed by counsel.

Limiting dealers or distributors to sales to certain customers is governed by the same rules as territorial restrictions. Generally, a manufacturer may sell exclusively to certain customers through selected distributors. It is permissible to select distributors who specialize in selling to certain types of customers and to assign them those customers as their primary areas of responsibility. Such restrictions are judged on a case-by-case basis depending on the reasonableness of their effect on competition. You should consult with counsel before establishing such restrictions.

2. Exclusive Dealing or Requirements Contracts

It can be unlawful for a seller to prohibit a purchaser from selling a competitor's products if the effect is to foreclose a substantial part of the market to those competitors. Similarly, long-term contracts under which a purchaser agrees to buy all or a substantial portion of its requirements from a single seller may be unlawful, again depending on the extent of the market that is foreclosed to competitors. Although exclusive dealing and requirements contracts often are lawful, they can run afoul of the antitrust laws in certain instances in which they substantially inhibit competition. As a result, these situations should be discussed with Luxfer General counsel.

3. Refusals to Deal

A decision not to deal with a new customer is lawful if it is unilateral (i.e., a decision made only by Luxfer) and not the result of an agreement with your competitors or the competitors of the prospective customer. If the decision not to deal is made in consultation with others, it may be challenged as an unlawful boycott.

The same rules apply to decisions to terminate existing dealers or distributors. The termination of a dealer or distributor often results in the allegation that the termination was made in violation of antitrust laws. Care should be taken to make sure that there is not even the appearance that a termination is the result of consultations with other manufacturers, distributors or dealers. If you receive a request by a dealer or distributor to terminate another dealer or distributor, you should refer the request to counsel and not discuss it with the requestor or with anyone else outside the Company.

4. Tying Arrangements

When a seller forces you to buy one product as a condition of purchasing a different product this is known as a "tie-in" sale. The product you desire is called a "tying product." The "tied" product is the product you are required to purchase with the desired product. While many tying agreements are lawful, others can be illegal.

The difference between an illegal tying agreement and a lawful package sale is the exercise by the seller of economic power in the market for the tying product to force the customer to buy the tied product. Package sales or requiring that certain items that were traditionally optional be made standard equipment, may be appropriate but should be cleared by counsel prior to implementation. Likewise, requiring dealers and distributors to purchase and sell a complete line of products may, in some instances, be illegal. Such requirements should also be reviewed by counsel before they are implemented or enforced.

5. Exclusive Distributorships

In most situations, a supplier may agree with a distributor that it will not sell to any other distributor within a given area. Such exclusive distributorships are usually lawful if they do not contain further territorial or customer restrictions. However, none should be entered into without management approval and review by counsel.

6. Resale Pricing and Other Terms

In certain circumstances, it may be unlawful for a supplier and customer to agree on the price at which the customer will resell the supplier's products, or the maximum or minimum price in the United States.

The U.S. federal law has changed in recent years, and resale price maintenance now is unlawful only where it harms competition; it is no longer per se illegal. However, in some U.S. states, it remains a per se violation for a supplier to agree with a customer on the customer's **minimum** resale price.

In some circumstances, it may be unlawful for a supplier and customer to agree on the latter's **maximum** resale price. The law's complexity requires that any proposal to adopt a suggested or mandated minimum or maximum resale price policy be reviewed by counsel.

7. Price and Promotional Discrimination

The competition laws of many countries prohibit price discrimination where it has an adverse effect on competition. Laws differ in their approaches to determining whether conduct is harmful to competition and with regard to whether defences, such as "meeting competition" and "cost

justification," are recognized.

In the United States, the Robinson-Patman Act generally forbids Luxfer from charging to similarly-situated customers different prices for goods of "like grade and quality" if it the different prices may tend to harm competition between Luxfer and its own competitors or between Luxfer customers that compete. The Robinson-Patman Act likewise forbids discriminating between competing reseller customers in provision of promotional payments, services or facilities. Compliance with this complex statute requires adherence to the following rules:

(a) Discrimination Affecting Luxfer's Competitors:

Although price differences may be called "discrimination" as to other suppliers, Luxfer may charge different prices to customers unless that price differential threatens injury to competition between Luxfer and competing suppliers, as in sales below cost, for example. As a practical matter, Luxfer avoids this risk through its practice of seeking fully remunerative prices for its products consistent with conditions in each market. We also rely on the statutory right to meet the reduced prices of our competitors, discussed more fully below.

(b) Discrimination Affecting Competing Customers:

As to Luxfer's customers, charging different prices to competing customers may be unlawful if it harms competition between them. Luxfer avoids this risk through its practice of charging the same price to competing buyers of the same product except when the law permits a price difference due to cost savings to Luxfer or to meet the price offered by a competitor.

It can be a defense to a claim of price discrimination that the lower price was justified by lower costs. However, reliance on cost savings to justify special price allowances is relatively rare and requires detailed substantiation.

The Robinson-Patman Act allows charging a lower price to a customer if necessary to meet prices being offered by other suppliers. Luxfer representatives who recommend a price concession to "meet competition" should submit with their recommendation the most reliable evidence of the competitive offer that can be obtained, such as information about a competitive offer provided by the customer requesting a price concession. Of course, **our employees must not under any circumstances ask the competitor** involved what offer was made or what price it is charging the customer.

Any price concession may meet, but not exceed or "beat," the competitive offer to which it responds. The meeting competition defence requires that we have a reasonable factual basis for believing that our price reduction would respond to an equally low or lower offer from the competitor. Should you have any doubt about this, counsel should be consulted before any responding offer is made by Luxfer.

(c) Promotional Discrimination:

Providing payments, services, or facilities or other programs to promote the resale of a Luxfer product must be extended to all competing customers "on proportionally equal terms."

Although promotional discriminations cannot be cost justified, the meeting competition defence is available whenever such discrimination is made in response to an equal or greater promotion offered to the favoured customer by a competitor.

In view of the Robinson-Patman Act's complexity, our employees are directed to consult with counsel whenever novel questions arise. This is particularly important in the case of the promotional programs that differ from those previously approved.

C. Relations With Suppliers

1. Reciprocal Agreements

Luxfer's suppliers are all those firms or individuals that sell products or services to Luxfer. Suppliers are those companies upstream in the vertical distribution chain, as contrasted with customers, who are downstream. Generally, the issues are the same for customer and supplier relations, even though Luxfer sells to one group and buys from the other.

It may be unlawful to condition the purchase of goods from a supplier on an agreement that the supplier will make purchases from Luxfer. ("I'll buy from you only if you buy from me.") Reciprocal dealing is similar to a tying arrangement, and some courts treat both as automatically illegal.

2. Exclusive Dealing

Luxfer may not require a supplier to sell only to Luxfer if the effect of such an agreement would be to harm competition. This problem can also arise when a purchaser agrees to buy all or a substantial percentage of its requirements from a single supplier. You should consult counsel regarding the long term, open-ended supply requirements contracts.

3. Inducing Discriminatory Prices

It is unlawful for purchasers to induce price discrimination. The illegal inducement of price discrimination is a buyer's use of its buying power to demand a lower price than it knows (or should know) is available to competing purchasers.

D. Market Power Issues

The U.S. antitrust laws prohibit a company's unilateral (single firm) conduct that excludes competition, where this may help create or maintain a market power or a monopoly. Luxfer personnel should consider this risk for operations where Luxfer has a significant position in a relevant market (*i.e.*, greater than 40 percent market share). In this context, personnel should be aware of conduct that might be perceived as limiting competitors' ability to compete—Luxfer preventing rivals from competing as opposed to Luxfer winning business by competing. For example, conduct by Luxfer that will benefit Luxfer only because it tends to exclude other competitors from competing, but has no legitimate business rationale, may raise these issues and should be reviewed by counsel.