



**WAN HAI LINES LTD.**

*WE CARRY, WE CARE.*

# **COMPETITION COMPLIANCE MANUAL**

Feb. 2023

## COMPETITION POLICY STATEMENT

It is the policy and commitment of Wan Hai Lines to comply with all laws applicable to our operations. We take particular care to ensure our compliance with the competition laws. We firmly believe that markets should be free of collusion and anticompetitive practices, and support the enforcement of the competition laws in the markets in which we compete.

The consequences of any competition law violation can be severe, including large fines, possible imprisonment, and/or large damages awards from civil lawsuits. For these reasons, Wan Hai Lines takes competition compliance very seriously. Any employee who fails to take proper care to comply with applicable competition laws and the Policy may be subject to disciplinary action, including termination of employment. Wan Hai Lines, therefore, requests that you read the Policy and Manual carefully.

The purpose of this Manual is to inform all relevant employees of the types of conduct that are prohibited and/or may raise competition concerns. Because of the importance of competition compliance, all employees at all levels of the organization are expected to know and comply with the competition laws to the extent such laws may impact their job responsibilities.

Wan Hai Lines is also committed to providing our employees with the guidance they need to ensure strict compliance with the competition laws and the Policy. Whether a given course of action is lawful or unlawful, or whether it is consistent with the Policy, often depends on the context and the particular facts of a given situation. If you are ever unsure about whether a particular action would comply with the competition laws, or the terms of the Policy and Manual, please contact the Legal Compliance Unit for assistance.

Chairman

**Jiufu Garden Co., Ltd.**



Representative

**Po-Ting Chen**



## **Wan Hai Lines Competition Compliance Policy**

Wan Hai Lines is fully committed to enforce strict compliance with all the competition laws that are applicable to its operations. The main purpose of competition laws is to protect and promote free and fair competition. The competition laws prohibit agreements and arrangements among competitors that prevent, restrict or distort fair competition.

Employees at all levels are under an obligation to maintain strict compliance with Wan Hai Lines' Competition Policy. No employee is allowed to violate the Policy in any way; failure to comply with the Policy will be subject to severe disciplinary action. The consequence of infringing competition laws can be very serious, both for Wan Hai Lines and for any employee whose conduct is the basis of the violation. Aside from the internal disciplinary action, the violation can result in significant fines and civil liability; it could also cause reputational damage and may lead to criminal risk.

Competition laws are complex and vary from country to country. Generally speaking, most domestic competition laws apply as long as the agreements and practices among competitors might have negative effect on the economy of the country. Those various laws generally address similar kinds of conduct and share common underlying concepts:

- Price-fixing;
- Capacity management;
- Bid rigging;
- Market allocation;
- Group boycotts;

Aside from the above hard core activities, other activities might have potential anti-competitive risks. Judge whether the activity is in breach of competition laws from only certain facts is not possible, other backgrounds and factors should be considered. The fundamental principle is all decisions should be made independently and not on the basis of consensus or agreements among/between competitors. Any employee has doubt as to the legality of activities/agreements with competitors, seek advice from Legal Compliance Unit.

Employees are required to report promptly to the Legal Compliance Unit or supervisors any misconduct with competition implications of which they become aware. It is the responsibility of each employee to understand and comply with the Policy. If situations arise in which an employee has concerns about the competition implications of certain conduct, employees are encouraged to contact the Legal Compliance Unit by making a call to +886 2 2567 7961 ext.6363 or address your questions at [competition@wanhai.com](mailto:competition@wanhai.com) for guidance.

## I. WHAT ARE THE COMPETITION LAWS?

The competition laws prohibit business practices that limit competition improperly. Broadly stated, the following practices are impermissible under the competition laws:

- **Cartels.** These are agreements among competitors to fix prices, restrict output, allocate markets, or similar conduct that is unlawful *per se*. Cartels are illegal, whether the agreement is written or oral, formal or informal. Cartels are the most serious form of competition 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 generally violates the competition laws when it has a harmful effect on competition. You should consult the Legal Compliance Unit if you are unsure as to whether any dealings with competitors are improper. Dealings that could potentially face antitrust scrutiny include:
  - Agreements with competitors
  - Meetings with competitors
  - Other communications with competitors
  - Memberships in industry associations
- **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 competition laws by conduct that limits the ability of other companies to compete. A company generally does not violate the competition 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 competition laws if they impair competition. These transactions include:
  - Mergers
  - Acquiring voting shares or assets of other companies related to Wan Hai Lines' business
  - Forming a joint venture with a competitor

Corporate transactions meeting certain thresholds must be reported to the antitrust authorities before they are completed.

Applicable competition laws cover all jurisdictions where Wan Hai Lines service network covers.

## **II. STEERING CLEAR OF CARTELS**

A cartel violation has serious consequences. It is a criminal offense, and could expose Wan Hai Lines to very large fines. Employees participating in a cartel can also be subject to fines and imprisonment. In addition, Wan Hai Lines could face civil lawsuits seeking enormous damages. Even if Wan Hai Lines and its employees were to succeed in defending against cartel charges, simply facing the accusation involves considerable legal costs, disruption of business, and harm to our reputation.

Therefore, all employees of Wan Hai Lines must take care to avoid any conduct that might be characterized as cartel behavior including:

- **Price-Fixing:** Businesses must determine their own price policy independently. Any agreement, verbal or in writing, between (potential) competitors that affects price is illegal, whether it is meant to raise, lower or stabilize prices.
- **Capacity Management:** An agreement with (potential) competitors on capacity to be provided on the market is prohibited.
- **Bid Rigging:** Agreements or undertakings among (potential) competitors as to who will bid or not bid for a tender, or regarding prices or terms and conditions to be submitted.
- **Market Allocation:** Any agreement with (potential) competitors to categorize customers, to refrain from selling products or providing services to particular customers, or to divide or allocate geographic territories is illegal.
- **Group Boycotts:** Agreements with competitors regarding not to sell or serve particular customers may violate the competition laws. Regardless if any information about the particular customers was shared or not.

Remember that a cartel violation does not require a formal or written agreement. An informal agreement or understanding can violate the competition laws if the effect is an agreement on an illegal subject.

Any meeting or discussion with a competitor carries the risk that it will be later misconstrued as evidence of an illegal cartel agreement—even if only ordinary and permissible subjects were discussed. Therefore, employees should generally avoid meetings and discussions with employees or representatives of Wan Hai Lines' competitor unless there is a legitimate business purpose unrelated to competition between the companies. If you are uncertain as to whether a legitimate business purpose is involved, please consult the Legal Compliance Unit.

For any meeting or discussion with a competitor that does proceed, we recommend that you take the following steps:

- Document in advance 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 and permissible topics
- Make a record of the meeting or discussion. It is helpful to note the date, time, place, duration, persons participating, matters discussed, and any agreed follow-up actions

To compete effectively, and ensure our customers are receiving the best service possible, we may, from time to time, gather information about our competitors' pricing and their actions in the marketplace. We may not obtain this information directly from competitors, because the exchange of sensitive information can imply an agreement. Rather, we may gather competitive information only from legitimate sources, such as:

- Media coverage and reporting
- The Internet
- Customers
- Consultants

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 Wan Hai Lines' sensitive information with any competitor.

Any employee who observes or hears of anyone acting in a manner inconsistent with this Policy, or who has any reason to suspect that someone acting on behalf of Wan Hai Lines is engaged in cartel behavior, must report the conduct to the Legal Compliance Unit. You should also report any conduct

by representatives of competitors which suggests pricing coordination or other cartel behavior.

### **III. RELATIONSHIPS WITH COMPETITORS**

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

#### **A. Joint Ventures and Collaborations Among Competitors**

In general, no cooperation among competitors will be allowed under competition laws unless there is effective exemption. The exemption might be entertained due to *de minimis* doctrine or individual/block exemption with certain conditions attached.

On occasion, Wan Hai Lines may collaborate with one or more competitors to share certain functions. The collaboration may take the form of a joint venture, or it may proceed on an informal basis. Prior to the formal collaboration, employees are encouraged to consult with the Legal Compliance Unit shall you have any doubt whether there is effective exemption in place as well as the conditions attached to entertain the exemption.

#### **B. Trade Associations**

Wan Hai Lines participates in trade associations in which our competitors also participate. These trade associations serve a variety of important objectives that are pro-competitive. The competition laws generally permit competitors to meet and discuss non-commercial related topics within 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 should:

- 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
- Counsel, retained by the association for competition compliance, should be present at all meetings
- Always insist that the discussion strictly conform to the agenda

- If any discussion arises over a 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 the Legal Compliance Unit before participating or expressing approval.

#### **IV. MONOPOLIZATION**

In any line of business where Wan Hai Lines has a high market share, we must ensure that we comply with the provisions of the competition 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 purpose of compliance, employees should consult with the Legal Compliance Unit when monopolization issues arise in markets where Wan Hai Lines might be found to hold a market share of at least 50%.

##### **B. Unlawful Acquisition or Maintenance of Monopoly Power**

The competition laws do not prohibit monopolies alone. A violation occurs when Wan Hai Lines 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:

- Temporarily offering rates below cost to drive competitors from the market (known as “predatory pricing”)
- Offering a bundled discount on a package of two or more services, 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 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 the Legal Compliance Unit before undertaking any activity that might be characterized as one of these practices.

## **V. CORPORATE TRANSACTIONS**

Acquisitions of assets or equity from another company related to Wan Hai Lines' business can violate the competition 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, can be required to give prior notice to competition agencies and delay closing their transactions for specified periods.

To ensure Wan Hai Lines' compliance with these requirements, employees should consult the Legal Compliance Unit before reaching an agreement on a transaction that would result in the acquisition by Wan Hai Lines (or by any affiliate) of either assets, equity, or a combination of the two.

## **VI. WHAT ARE THE POTENTIAL CONSEQUENCES OF VIOLATING ANTITRUST LAWS?**

The consequences to Wan Hai Lines and any employees implicated in antitrust violations can be severe. Subject to applicable legislation, it might include criminal charges being filed against the company and/or its employees, with large fines and potential prison sentences attached. It can also mean large civil penalties for the company in competition lawsuits. Resolving these legal proceedings can place significant financial strain on the company, and disrupt Wan Hai Lines business.

If you are unsure of the competition laws and restrictions in a jurisdiction in which you are conducting business, please contact the Legal Compliance Unit.

## **VII. REPORTING CHANNELS**

To fulfill Wan Hai Lines' commitment to comply with competition law, all of us have an obligation to report any of the following:

- A violation of the law
- Conduct whether might be a violation of the law
- Questionable conduct whether 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
- A member of the Legal Compliance Unit

Legal Compliance Unit contact details:

- Email address: [competition@wanhai.com](mailto:competition@wanhai.com)
- Hot line: +886 2 2567 7961 ext.6363