CK Life Sciences Int'l., (Holdings) Inc.

Competition Compliance Policy

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1. Purpose and Scope

1.1 CK Life Sciences Int'l., (Holdings) Inc. ("CKLS" or "the Company") is committed to upholding high standards of business integrity, and to ensure compliance with competition laws in all its business dealings and conduct. It is CKLS' policy that all employees comply fully with the competition laws of every country, state and locality where CKLS does business.

1.2 The aim of this Competition Compliance Policy ("Policy") is to provide the business units and employees of the Company and its subsidiaries ("the Group") with a framework to ensure compliance with the applicable legislation on a country by country basis, but also to develop a consistent approach so that, wherever the Group operates, employees apply business practices in line with our global reputation and standards.

1.3 Virtually every country has enacted competition laws. This Policy summarizes the principle requirements under most competition laws, but the law may be more or less restrictive in a particular country. It is your responsibility to understand the laws where you are doing business and seek guidance from your business unit's legal department (if any) or Group legal department as needed.

1.4 This Policy also sets out guidance on oral and written communications, and how to deal with enquiries from competition authorities.

1.5 This Policy does not attempt to provide a detailed description of the national competition laws in all countries in which the Group operates, nor does it provide definitive answers to all competition law questions. In particular, this Policy does not address mergers, acquisitions and sales of businesses, and the establishment of joint ventures, which may be subject to review by competition or other applicable authorities.

1.6 This Policy is no substitute for specific legal advice. Employees need to obtain advice from their legal department (if any) and/or the Group legal department (where appropriate) if there is any uncertainty about how the law might apply to a particular situation or when in any doubt about compliance.

1.7 Failure to comply with competition laws can result in severe fines of up to 10% of annual turnover (depending on the jurisdiction), damage payments and reputational damage to CKLS. In addition to the financial cost, arrangements and agreements

which infringe competition law may be void and unenforceable. In some countries (such as Australia and Canada), breach of competition law can also result in criminal penalties (including imprisonment) and the disqualification of directors.

1.8 The Group will continue to implement accompanying policies and guidelines as part of its competition laws compliance programme. These policies and guidelines will be amended from time to time, as appropriate.

2 Governance Principles

2.1 The Group is committed to complying with competition laws in all the markets in which we operate. Compliance with competition laws does not prevent a business unit from competing aggressively, but we have to act within the bounds of the competition rules.

2.2 Competition laws throughout the world prohibit agreements among existing or potential competitors that harm competition. The key to compliance is independence. Each company within the Group must act independently in all its business activities — setting prices, discounts, promotions, and terms of purchase and sale; selecting customers, distributors and suppliers; and choosing the products to produce and how much to sell.

2.3 As a Group we will, and each business unit is expected to, promote competition law compliance; establish organisational protocols to prevent, identify, escalate and resolve competition law issues; and ensure employees attend all relevant training sessions on competition laws.

2.4 Employees must seek timely advice from the legal department of the relevant business unit (if any) and/or the Group legal department if they have any questions or concerns relating to competition law or if they are in any doubt about whether or not it may apply. The best way to avoid problems is to understand the basic rules and to seek advice where appropriate.

2.5 All employees of the Group are required to adhere to this Policy as well as the policies adopted by the relevant business unit. All employees, directors and others acting on behalf of the Group and/or the business unit must comply with competition laws. The Group does not authorise or condone any conduct that could give rise to any infringements of competition laws or create the appearance of impropriety. Employees of the Group in management positions are accountable

not only for their own conduct but also for the conduct of their subordinates. Each manager is expected to inform his respective subordinates about this Policy and the policies adopted by the relevant business unit , to ensure that all employees have access to training and advice regarding these policies.

2.6 Appropriate action will be taken against employees who breach any competition laws (including disciplinary action that could ultimately result in termination of employment). The Group seeks to foster a climate where employees know that they will be supported if they report suspicious or questionable activity. Any such reports will be treated confidentially (except as may be otherwise required by law) and employees raising legitimate concerns in good faith will be protected.

3 Policies, Training and Regular Review

3.1 Each business unit is required to educate and train their employees and ensure compliance with this Policy and the competition laws applicable to their business as well as the particular competition risks faced by their business.

3.2 Each business unit is required to conduct a regular review of its business models and practices against the applicable competition laws so as to identify the potential risk areas and competition laws issues. Competition law compliance policies and measures should be updated (and tailored) as required.

3.3 Competition compliance training should be arranged periodically to remind colleagues of their obligations and help identify potential risk areas. Business units are encouraged to make use of IT technologies and e-learning platforms to help educate relevant staff.

3.4 Each major business should have at least one designated in-house legal representative who is knowledgeable about the applicable competition laws and who is accessible for queries. External expert advice may be needed for complex matters.

4 Overview of Competition Laws

4.1 Competition law generally is based on three key pillars:

(a) Prohibition of anti-competitive agreements and concerted practices. This includes: (i) agreements between competitors (i.e. horizontal agreements) and (ii) agreements with trading partners such as suppliers, distributors or customers (i.e. vertical agreements).

(b) Prohibition of abuse of a dominant position or substantial market power. Dominance or substantial market power, in and of itself, is not prohibited, but unilateral conduct which amounts to an abuse is.

(c) Merger control, i.e. the assessment of acquisitions and joint ventures to prevent the creation of dominant positions or the substantial lessening of competition.

4.2 This Policy focuses on the first two areas and does not address merger control. However, any acquisitions, disposals or joint ventures should be referred to Group Legal Department. Additionally, if a business unit receives any enquiry or questionnaire from a competition authority regarding a merger or acquisition affecting any of its suppliers, customers or competitors, it should be passed immediately to its legal department (if any) or to Group legal department (if in doubt).

4.3 There are certain key underlying competition law principles:

(a) For the competition rules of a particular jurisdiction to apply, it is irrelevant where the companies involved are located. What matters is whether the agreement may have an effect on the economy of that jurisdiction.

(b) It is irrelevant what form the agreement takes. For competition law purposes, the term "agreement" has a very broad meaning and includes all kinds of collusive arrangements and understandings between the parties involved. Competition law does not require a formal, written agreement. An informal verbal agreement or even a tacit understanding (a "nod and a wink") is sufficient.

(c) It is not necessarily relevant whether there was an intention to breach the competition rules. It may be enough if the agreement or concerted practice has as its effect the prevention, restriction or distortion of competition.

4.4 Set out below are some clear and simple rules to promote compliance with

competition laws in relation to dealings with competitors and other trading partners. It is incumbent on each business unit, however, to tailor their competition training and compliance programme to the markets in which they operate, and the particular competition risks faced by their business.

5 Agreements with Competitors

5.1 Contacts with competitors pose the greatest competition risk since almost any information exchange with competitors has the potential to have an anti-competitive effect. Any agreement with competitors (often referred to as "***cartels***"), *whether directly or indirectly through a common trading partner*, that affects prices, divides up the market, restricts output, boycotts an industry player, or rigs bids is strictly prohibited.

5.2 The general principles below should be followed in connection with any dealings with competitors.

Prices and conditions of supply

5.3 It is essential that business units take all decisions about pricing and sales decisions independently, and without any coordination with competitors. An agreement with competitors to fix prices or coordinate any element of pricing behavior is prohibited. This includes not only the setting of specific prices but also any agreement on pricing policy (e.g. discounts, promotions, rebates, margins, costs, pricing formula, method of price calculation, when to change prices, etc.).

Market sharing

5.4 Any agreement with competitors to share or allocate markets is prohibited. Specifically, competitors must not share or divide up the market in respect of geographic territories, products, services, customers and supply sources.

Output restrictions

5.5 Any agreement with competitors to stop, limit or reduce the supply of goods or services (e.g. limits on production or capacity) is prohibited. Competitors should individually determine their own production and capacity levels.

Group boycotts

5.6 Any agreement with competitors to boycott a particular customer, supplier or class of customers or suppliers, the object of which is to harm or exclude such customer or supplier from conducting business in the market, is prohibited

Bid rigging

5.7 Agreements between competitors regarding prices or terms and conditions to be submitted in response to a bid request are generally prohibited. This includes agreeing not to bid.

Exchange of information

5.8 Any exchange of commercially sensitive information with a competitor may be illegal and so you must not exchange information with a competitor which is competitively sensitive. As a rule of thumb, do not share anything you would not want your competitors to know if you wanted to compete against them as vigorously as possible.

5.9 Generally, information is competitively sensitive if it is not publicly available and helps reduce the commercial or strategic uncertainty of competitors in the market.

5.10 Competitively sensitive information includes information relating to price, elements of price (e.g. discounts, promotions, rebates, margins, surcharges) or price strategies, our terms with trading partners, customers, production costs, quantities, stock levels, turnover, sales, capacity, product quality, marketing plans, product launches, risks, investments, technologies and innovations.

5.11 Remember, exchange of competitively sensitive information can be achieved directly with competitors or through indirect means via trading partners (with the intention that the information is passed onto competitors): both are prohibited. The setting or manner of the information exchange is irrelevant. Even if competitively sensitive information is shared via text messages, verbally, or at social events, it will be deemed illegal.

Other agreements with competitors

5.12 There may be situations where our business will want to enter into an agreement with a competitor which may produce useful efficiencies, such as joint bidding, joint

buying, joint marketing, joint research and/or development, etc. You must consult your legal department (if any) or Group legal department (if in doubt) before entering into such agreements.

What to do if in doubt

5.13 In the event that a meeting or discussion you are attending takes a turn you are uncomfortable with, or you receive confidential commercially sensitive information about a competitor you must actively distance yourself. You must:

(a) Stop the discussion.

(b) Make your objections known.

(c) Disregard the inappropriate information received, do not copy or forward it onwards.

(d) If the discussion continues, leave and keep a clear record of the discussion and note of when you left.

(e) Inform your legal department (if any) or Group legal department (if in doubt). It may be necessary to send a follow-up response to the incident.

5.14 In many jurisdictions, it is not a defence if you did not actively participate in or act on the anti-competitive discussions. Companies have in the past been found to have infringed competition law and fined as they did not actively distance themselves from the discussions. It is therefore important that if such discussions do occur, you stop the discussion, object, leave, inform your legal department (if any) or Group legal department (if in doubt), and disregard the information received.

6 Agreements with Trading Partners

6.1 Unlike agreements with competitors, agreements with suppliers, distributors and customers are necessary and entirely appropriate in the course of day-to-day business. In this context, "customers" refer to independent resellers, not consumers or end-customers.

6.2 Vertical agreements between trading partners, however, which have the object or effect of preventing, restricting or distorting competition are prohibited under competition law.

6.3 This area of law is rather more complex than anti-competitive horizontal agreements between competitors. What you can and cannot agree with your customer or distributor depends on numerous factors and depends on the jurisdiction you are operating in. The rules set out in this section need to be observed when dealing with all suppliers, distributors and customers.

Resale price maintenance

6.4 As a general rule, suppliers are not allowed to fix or impose a minimum resale price on customers. This is known as the prohibition on "Resale Price Maintenance" or "RPM". Such arrangements undermine the retailer's pricing freedom and restrict competition. Retailers must always retain the right to set prices independently; suppliers must always allow customers to set their resale price independently.

6.5 Suppliers may recommend resale prices, but must not impose, or threaten penalties for not sticking to the recommended resale price ("RRP"). Similarly, suppliers must not reward resellers for sticking to the RRP.

Exclusivity arrangements

6.6 When entering into an exclusive arrangement with a trading partner to buy exclusively from one source or to supply exclusively to one customer (exclusive distribution, purchase, franchise or license agreements), other competitors, suppliers or customers may be excluded from competing in the market. Exclusivity may therefore be construed as having the effect of restricting competition on the relevant market.

6.7 Prior to entering into an exclusive agreement (e.g. to buy, sell or limit territory) you should seek advice from your legal department (if any) or Group legal department (if in doubt). Exclusive agreements of a long duration (in general 3 years or more but to be determined based on local rules and subject to a case by case analysis) require close consideration, particularly when one of the parties has a high market share (e.g. 25% or more).

Exchange of information

6.8 Companies need to exchange commercially sensitive information with their trading partners in order to conduct our legitimate day-to-day business. However, in transmitting commercially sensitive information, there may be a risk that the

information is used for anti-competitive purposes by the trading partner.

6.9 In supplying commercially sensitive information to a trading partner, there must be a clear statement that your confidential information must not be shared with any of your competitors or for anti-competitive purpose.

7 Abuse of a Dominant Market Position

7.1 Sections 5 and 6 cover bilateral conduct (i.e. conduct between two or more parties). This section covers unilateral conduct (i.e. conduct of one single company).

7.2 When a business has a dominant position in a market, special rules apply to ensure that it does not abuse its market power. There is no ban on being successful and having a large market share, but if a company is "dominant" there are restrictions on certain conduct which could harm competition. This section explains what a dominant position is, and provides a non-exhaustive list of the types of conduct which could constitute abuse.

What is a dominant position?

7.3 The general principle is that a company has a dominant position if it enjoys a position of economic strength which allows it to prevent effective competition on the relevant market by having the power to behave (to an appreciable extent) independently of its competitors, customers and consumers.

7.4 One useful indication of market power is market share. However, other factors (e.g. dynamics of the market, constraints on the company) are also considered.

7.5 The assessment of a dominant market position is complex and varies from jurisdiction to jurisdiction, and should be reviewed on a case-by-case basis. In countries where your company has a strong market share, you must check with your legal department (if any) or Group legal department (if in doubt) to ensure that certain contemplated actions would not be considered as an abuse of a dominant position.

7.6 Examples of abuse of a dominant position are set out below.

Exclusivity arrangements

7.7 As explained in paragraph 6.7 above, exclusivity arrangements effectively block other players in the market from access to the same product. If a company has a dominant position in the relevant market, exclusivity arrangements of the dominant company may have the effect of restricting competition on such market and therefore be regarded as an abuse of its dominant position.

Rebates and discounts

7.8 Rebates and discounts are common business practices employed by many suppliers. The usual nature of a conditional rebate is that the customer is given a rebate if its purchases over a defined reference period exceed a certain threshold, the rebate being granted either on all purchases (i.e. retroactive rebates) or only on those made in excess of those required to achieve the threshold (i.e. incremental rebates).

7.9 A dominant company must be careful not to structure its rebate and discount schemes such that the schemes exclude other rival suppliers from competing on the market.

7.10 Rebates and discounts applied by a company in a market where it has a dominant position should be transparent and based on objective criteria, available to all (potential) customers who meet the criteria. It is acceptable to offer a discount or rebate to a customer where the reduction is justifiable on the basis of genuine cost savings. It is however not acceptable to offer a discount or rebate which has the effect of tying that customer to the dominant supplier.

Tying and bundling

7.11 Tying occurs when a supplier makes the sale of the desired product (the tying product) conditional upon the purchase of another product (the tied product). Suppliers with a dominant position in the tying market can use tying to harm competitors in the tied market. Dominant companies should be very careful when combining the sale of different products and services.

7.12 Bundling occurs when a supplier bundles a package of two or more products and offers the bundle at a discount. The supplier with a dominant position in one of the bundled products may use the bundle to harm competitors in the market(s) for the other product(s) that form part of the same bundle.

Margin Squeeze

7.13 Margin squeeze is a type of abuse relevant to companies that are vertically integrated. A company is vertically integrated if it owns both the upstream supply and the downstream retailing of a particular product or service.

7.14 Margin squeeze occurs when a vertically integrated company with a dominant position in the upstream market (e.g. the manufacturing and wholesale of Product X) reduces or "squeezes" the margin between the price it charges for its products to its competitors on the downstream market (e.g. the retail of Product X) and the prices its own downstream operations charge to its own customers, such that the downstream competitor is unable to compete effectively.

Refusal to deal

7.15 In general, there is no absolute obligation to deal with a particular trading partner, particularly where it concerns a potential trading partner with whom you have had no previous trading relations. However, a dominant company may, in certain circumstances, abuse its dominant position if it refuses to deal with actual or potential trading partners, unless there is some objective justification.

Predatory pricing

7.16 It is forbidden to sell products below cost with the aim of seeking to exclude competitors from the market or to deter new entry.

7.17 If a dominant company prices below average variable cost on a sustained basis, the competition authorities will assume it is done with the intent of seeking to exclude competitors because it does not make commercial sense to offer products at such a low price.

Excessive pricing

7.18 Under the competition rules of a number of jurisdictions, including the European Union, a company with market power in a specific market may not charge excessively high prices (due to lack of competition). Whether a price is "excessively high" is difficult to establish, but can be assessed against the economic value of the products or services supplied.

Discrimination in prices or other trading conditions

7.19 In many jurisdictions, it is illegal for a company with a dominant position to enforce different prices or other trading conditions upon different trading partners in similar situations.

7.20 Differentiation may be possible if it is justified on objective grounds. For example, a different price may be acceptable if the trading partner performs additional services not provided by other trading partners or where purchased volumes are different.

8 Trade Associations

8.1 CKLS business units are members of various trade or industry associations that enable companies of the relevant sector to promote common objectives in the best interest of their stakeholders.

8.2 Since these associations bring competitors together, there is a risk that decisions or discussions at association meetings could be used as a "cover" for prohibited activities, or otherwise lead to anti-competitive outcomes. The fact that such discussions take place at an association meeting, or are encouraged by the association, is no defence. Accordingly, participation in such associations or meetings must be monitored carefully.

8.3 Subjects which may be considered lawful for discussion at trade association meetings include:

(a) introduction of new regulations pertaining to the relevant industry;

(b) lobbying efforts on industry-wide issues e.g. environmental protection or work safety; and

(c) overall market trends.

9 Dealing with Enquiries and Dawn Raids

Telephone enquiries

9.1 If you receive any enquiry from a competition authority, it should be referred to the Group legal department immediately. If not immediately available, do not put the call through to another person but note down the name of the caller, the purpose of the call, the name and number of the inspector and his/her telephone number. Record any other information he/she gives you, such as the date and time of a

potential inspection. Pass all this information as soon as possible to the Group Legal Department.

Letter enquiries

9.2 Competition authorities may also send formal letters requesting your company to provide information on particular agreements, trading partners or markets. If such a request for information is received, your legal department (if any) and the Group legal department must be informed without delay. Any further contact with the competition authorities should be established only through your legal department (or if none, the Group legal department or its designated law firm).

Inspections/ dawn raids

9.3 In many countries the competition authorities have powers to conduct on-the-spot investigations often referred to as "dawn raids". Officials may arrive unannounced to search and copy digital or hard-copy files and to question company representatives. Companies are generally required by law to give investigators full access to the premises, including confidential (computer) files and records. Depending on the jurisdiction, legally privileged and private (not related to business activities) documents do not have to be submitted to the competition authorities.

9.4 Each business unit is required to have a dawn raid policy, and to conduct appropriate training with staff (including senior management and reception/security staff members) on handling unannounced inspections by competition authorities.

10 Oral and Written Communication Management

10.1 Employees must not only comply with competition laws, but they must also be seen to do so at all times and in all circumstances. The "lead by example" principle is essential in competition-related issues.

10.2 The use of inappropriate words/terms in internal or external communications can be misinterpreted or mischaracterised as indicative of an anti-competitive intent. It is necessary to be careful in oral and written communications (emails, PowerPoint presentations, text messages) to avoid statements which could be misconstrued.

10.3 In addition, all documents could potentially come under scrutiny during an investigation by a competition regulator or in legal proceedings involving a third party, even those which might commonly be thought of as confidential (such as

diaries, telephone call records or personal note books). "Documents" in this context are not limited to papers, but will include any form in which information is recorded; including computer records and databases, e-mails, text messages.

Oral and written communications

10.4 In view of the above, the competition compliance training provided to all employees should therefore include guidelines relating to oral and written communications.

Document retention

10.5 You must not destroy documents or records (which would not otherwise be destroyed in accordance with the company's usual policy) because you think they contain damaging information. This will damage your company's (and CKLS') standing with the competition authorities if it comes to light in an investigation, and can lead to criminal penalties.

10.6 If you are notified that your company is under investigation by the competition authorities, all document destruction must immediately cease until further notice.

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