Antitrust Compliance Guidelines

Global Low-Carbon Metallurgical Innovation Alliance

(Effective as of November 18, 2021)

Preamble

The Global Low-Carbon Metallurgical Innovation Alliance (the "**Alliance**") commits to strictly comply with the Anti-Monopoly Law of the People's Republic of China (the "**AML**"), antitrust or competition laws in other relevant jurisdictions and internationally adopted antitrust or competition law principles (together "**Antitrust Laws**"). The Alliance requires that each and all of its members (the "**Members**") must not engage in any conduct that may breach Antitrust Laws in participating in activities under the Alliance. In the event that any Member's conduct, in the course of participating in the activities under the Alliance, is suspected of violating or actually violates Antitrust Laws, the Alliance will not recognise the validity of such conduct. Nor will the Alliance or any other non-breaching Members take responsibility for such conduct.

To achieve the above objectives, the Antitrust Compliance Guidelines (the "**Guidelines**") are hereby formulated by the Alliance as the unified guidance on compliance by the Alliance Members with Antitrust Laws. Each and all of the Members of the Alliance shall carefully study and abide by Antitrust Laws and the Guidelines.

The Guidelines become effective as of November 18, 2021 . The act of joining the Alliance shall be deemed as an agreement to abide by the Guidelines.

Consultation

Antitrust Laws may have extra-territorial applications. This means that even if the breaching conduct takes place in China it may be caught and penalised in other countries, and *vice versa*. Breach of Antitrust Laws could result in serious consequences including imprisonment in some jurisdictions. In addition, antitrust compliance consists of many complex legal and economic issues, many of which require sophisticated, fact-based analysis, and sometimes may not have clear right-or-wrong answers.

The Guidelines are intended to help mitigate the risk of Members breaching Antitrust Laws in carrying out the activities of the Alliance, which is expected to consist of actual and potential competitors at different levels in metallurgic sector. The Guidelines however do not constitute any form of legal opinion to the Members. Nor do the Guidelines aim to cover all aspects of Antitrust Laws. Each Member should take responsibility for its own compliance with the Guidelines and Antitrust Laws and the Alliance encourages all Members to consult antitrust counsel for professional independent legal advice in this regard. [If there are any questions relating to the Guidelines or if clarification is necessary in relation to any of the Guidelines' terms, the Members may contact the [Secretariat]]

Accessibility

An electronic version of the Guidelines is accessible to all the Members at the following link.

http://www.baowugroup.com/glcmia/

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1 Purpose and Scope of the Guidelines

1.1 The Guidelines are applicable to all Members of the Alliance and are intended to help mitigate the risk of Members breaching Antitrust Laws in carrying out the activities of the Alliance. The Members should ensure that they understand the principles of the Guidelines and comply with the relevant provisions when participating in the activities organised by the Alliance. The Alliance also encourages Members to consult antitrust counsel for professional independent legal advice in relation to compliance with Antitrust Laws and/or if a Member has any doubts about whether conduct might breach Antitrust Laws.

1.2 Antitrust Laws generally prohibit the following types of conduct (which are not exhaustive):

(1). entering into anti-competitive agreements with competitors (in particular, cartel agreements such as agreements with competitors to fix, control or maintain prices, prevent, restrict or limit production or the supply or acquisition of goods or services, allocating customers, suppliers or territories, joint impediment of technology development, joint boycott, or engaging in bid rigging activities);

(2). exchange of Competitively Sensitive Information (defined below) with competitors;

(3). entering into anti-competitive agreements with upstream suppliers or downstream distributors or customers;

(4). abuse of a dominant market position;

(5). illegal implementation of a concentration of undertakings in breach of merger rules.

1.3 The goal of the Alliance is to bring together the intelligence of the metallurgical ecosystem and explore together the process and technical path of low-carbon transformation. In pursuit of this goal, it is inevitable for the Alliance to bring Competitors (defined below) in the metallurgical industry into contact with each other. Therefore, the key focus of the Guidelines is to ensure that the Members which are Competitors observe Antitrust Laws on interactions between competitors, including in particular that (i) Competitors must not enter into agreements which restrict competition; and (ii) Competitors must not exchange Competitively Sensitive Information.

1.4 The Guidelines also provide guidance on cooperation with trading parties, abuse of dominant market position, concentrations of undertakings, exercise of IP rights and documentation where relevant to the activities under the Alliance.

1.5 The Guidelines are not aimed to cover all aspects of Antitrust Laws. Each Member should take responsibility for its own compliance, including in the areas not discussed in detail in the Guidelines.

2 Definitions and Explanations

2.1 For anti-competitive agreements which are prohibited under Antitrust Laws, “agreement” is not limited to formal written agreements. Any type of consensus, no matter what form it may take, can be regarded as an “agreement” under Antitrust Laws. For example, an oral agreement (such as a “gentlemen’s agreement”), a non-binding letter of intent, tacit consensus, or even actions which are taken with an unspoken “common understanding in mind” (so-called “concerted practices”) can be considered an “agreement” under Antitrust Laws.

2.2 The term “Competitively Sensitive Information” used in the Guidelines refers to any information (to the extent not public) which may enable Competitors to coordinate or predict each other’s market behaviour thereupon. Competitively Sensitive Information includes, without limitation:

2.2.1 details of current or prospective pricing (including margins, discounts, rebates, profit sharing arrangements, profitability or margin targets, promotions, etc.);

2.2.2 details of current or future commercial strategy (including business/strategic plans);

2.2.3 details of current and forecasted cost, production and capacity (utilization) data;

2.2.4 details of current or prospective bids / tenders (intention to bid or not for specific customers or contracts);

2.2.5 details of confidential customer information (including customer names, customer pricing, sales values or volumes);

2.2.6 details of sensitive commercial terms of customer or supplier contracts (e.g. identity of customer/supplier, prices, terms & conditions);

2.2.7 details of recent, current or future price and/or margin information on current customer or supplier contracts;

2.2.8 details of individualised (non-aggregated) recent, current or future (total, variable, fixed) costs / cost of sales / overheads, including details of any rebates or discounts with suppliers / sub-contractors;

2.2.9 details of individual employee salaries or talent lists;

2.2.10 details of sensitive proprietary technology or arrangements with JV partners and other partnerships;

2.2.11 details of non-public pipeline projects, and more generally all unannounced plans to make significant investments in products, technologies or R&D programmes (and their results); and

2.2.12 other confidential business information that could reduce competition between the Members of the Alliance.

2.3 The term "Competitors" used in the Guidelines refers to undertakings that are in actual or potential competition with each other. The term "Product" used in the Guidelines refers to any product or service offered by the Members which are in competition with their respective Competitors.

2.4 A "Concentration of Undertakings" refers to the acquisition of control, or capability to exercise decisive influence, over any other undertakings, including by way of merger, acquisition of shares or assets, or by contractual means.

3 General Rules on Cooperation between Competitors

3.1 In cooperation with Competitors within the framework of the Alliance, the Members **must not** enter into any of the following agreements with their Competitors or facilitate such agreements between any other Members which are Competitors:

3.1.1 Agree on the bidding price or supply price to customers (including the discounts, incentives, rebates or economic compensation) in respect of any Products, or the procurement price in relation to any suppliers.

3.1.2 Agree on the output or sales volume of any Products.

3.1.3 Agree on an allocation or division of bidding and sales regions, distributors, or procurement market of raw materials.

3.1.4 Agree to impede or restrict the development and production of new technologies or new products or impede new entrants to the market.

3.1.5 Agree to boycott, or coordinate bidding strategy in relation to, any tender, distributor or raw material supplier.

3.2 In some jurisdictions (e.g. the EU), even mere *discussion* of the above topics could constitute a breach of the Antitrust Laws (see further in section 4 below).

3.3 In some circumstances, cooperation agreements between Competitors may enhance economic efficiencies and promote competition (e.g. joint R&D which inspires innovation, economies of scale, etc.). However, the negotiation and implementation of such agreements could also give rise to anti-competitive effects and be subject to antitrust scrutiny. To that end, other than the types of agreements noted in section 3.1 above, before engaging in negotiations and entering into *any agreement* with Competitors (e.g. regarding standard making, joint R&D, transfer of IP rights, etc.) within the framework of the Alliance, a Member must first assess (including with the benefit of independent legal advice) and confirm that: (1) the proposed cooperation complies with the Antitrust Laws; and (2) proper safeguarding measures are in place to sufficiently prevent antitrust risks in negotiation and implementation of the proposed cooperation, including in particular, exchange of Competitively Sensitive Information (see further in section 4 below).

4 General Rules on Information Exchange with Competitors

4.1 The Members **must also not** engage in the following types of conduct in communicating with other Members when participating in activities under the Alliance, whether on a formal (e.g. during a meeting or panel discussion) or informal (e.g. during session breaks or social events) occasion:

4.1.1 Exchange Competitively Sensitive Information with Competitors (orally or in writing, including via social media).

4.1.2 Publish or disclose to the general public or to Competitors the intention to increase prices of Products.

4.1.3 Request third parties (e.g. upstream suppliers or downstream customers which are also Members of the Alliance) to provide Competitively Sensitive Information of Competitors.

4.1.4 Request the employees from the Competitors who visit the Member (e.g. in visit, exchange or communication programs organised under the Alliance) to provide Competitively Sensitive Information of such Competitors, accept such Competitively Sensitive Information provided by such employees, or provide Competitively Sensitive Information of the Member to such employees.

4.1.5 Facilitate the exchange of Competitively Sensitive Information between Competitors (e.g. as an upstream supplier or downstream customer of such Competitors).

4.2 If Competitively Sensitive Information is voluntarily offered by a Competitor in the activities organised by the Alliance, the receiving Member must explicitly refuse to receive such information and keep written records of such refusal.

4.3 Where it becomes necessary for a Member to disclose Competitively Sensitive Information to the Alliance for a specific purpose (e.g. standard setting or benchmarking surveys), the Member must clearly mark such Competitively Sensitive Information and state the purpose of providing such information in their submissions to the Alliance. This is important to make the Alliance aware of the sensitivity so that it can take necessary measures to prevent the provision of such Competitively Sensitive Information to Members who are Competitors.

5 Rules on Meetings Organised and/or facilitated by the Alliance

5.1 For all meetings held under the Alliance, a detailed agenda of the meeting must be distributed by the organiser to all attendees in advance and be submitted to the Alliance for record. The Members must strictly follow the agenda during the meeting and refrain from discussing unapproved topics. In particular, the Members must avoid discussing any Competitively Sensitive Information.

5.2 During meetings of any Members, the organiser of the meeting must take minutes and circulate the minutes to all attendees and submit to the Alliance for record following the meeting. Where necessary, the organiser may arrange that an external antitrust advisor attends the meeting to help ensure compliance with Antitrust Laws by the Members.

5.3 During an Alliance meeting, if any other Members, in breach of the meeting agenda and the Guidelines, attempt to discuss any Competitively Sensitive Information or any other topics

that other Members considers inappropriate, other Members should immediately express an objection and raise his/her concerns for the record of the meeting.

6 Cooperation with Trading Parties

6.1 In cooperation with trading parties (e.g. upstream suppliers or downstream distributors or customers) within the framework of the Alliance, entering into any of the following agreements between Members and their trading parties will give rise to high antitrust risks:

6.1.1 Fix in any form the trading party's resale price of the Member's products to a third party.

6.1.2 Restrict in any form the trading party's minimum resale price of the Member's products to a third party.

The above conduct may be achieved directly by fixing or restricting resale prices, or indirectly by fixing or restricting elements which affects resale prices such as (minimum) profit, (minimum) margin, (maximum) discount, pricing formula, etc. The above conduct may be achieved by penalties against breach of relevant requirements on resale prices (including by means of confiscation of deposits, suspension of supply, termination of contract, etc.) or by incentives for complying with relevant requirements on resale prices.

6.2 Other cooperation agreements between trading parties may enhance economic efficiencies and promote competition by means of reducing transaction costs, speclaisation, etc. However, such agreements could also give rise to anti-competitive effects and be subject to antitrust scrutiny. In particular, exclusivity arrangements, territorial restrictions and most-favoured-nation ("**MFN**") clauses between trading parties often attract attention from antitrust authorities. To that end, other than the types of agreements noted in section 6.1 above, before entering into any agreement with trading parties which contain *exclusivity, territorial restrictions or MFN clauses*, within the framework of the Alliance, a Member should first assess (including with the benefit of independent legal advice) and confirm that: (1) the proposed cooperation complies with the Antitrust Laws; and (2) proper safeguarding measures are in place to sufficiently prevent antitrust risks in negotiation and implementation of the proposed cooperation.

7 Abuse of Dominant Market Position

7.1 Assessment of risks in relation to abuse of dominant market position involves evaluation of multiple factors including market power (and dominant market position), nature of the conduct (whether constitutes abusive conduct prohibited by Antitrust Laws), effect of the conduct (whether anti-competitive), justifications, etc. As abuse of dominant market position typically involves unilateral conduct by undertakings, it will not be discussed in detail in the Guidelines. However, in certain jurisdictions, if two or more undertakings jointly hold a relatively significant market position, they may be deemed as holding a collective dominant position and would similarly be subject to the risk of abuse of dominance. The Alliance recommend that the Members consult external counsel for independent legal opinion on whether they (alone or combined with other Members) may face a risk of abuse of (collective) dominant market position.

8 Rules on Legally Implementing Concentrations of Undertakings

8.1 Where a concentration of undertakings meets applicable thresholds for a mandatory merger filing in a particular jurisdiction, the relevant undertaking(s) must submit a merger filing to the relevant competition law enforcement agency. In these circumstances, such concentration must not be implemented until the concentration has been cleared by the relevant authority/ies.

8.2 Before Members take any steps as part of the Alliance that involves any proposed acquisition (including acquisition of assets or minority equity interest), merger or establishment of joint ventures or partnerships, the Members involved must first assess (including with the benefit of independent legal advice) and confirm that proper merger filings are made and cleared before implementation of such steps where such steps trigger a merger filing obligation.

9 Exercise of IP rights

9.1 In general, the exercise of IP rights is not typically anti-competitive. However, such exercise could breach Antitrust Laws if (1) it has the intent/purpose or effect of restricting or eliminating competition, or if (2) it constitutes a notifiable concentration of undertakings, but the relevant parties fail to notify the relevant antitrust authority/ies.

9.2 Within the framework of the Alliance, before engaging in any cooperation relating to development, licensing or transfer of any IP rights, the Members involved should first assess and confirm (including with the benefit of independent legal advice) that: (1) the proposed cooperation complies with Antitrust Laws, including that any necessary merger filings are made and cleared before implementation where such cooperation triggers a merger filing obligation; and (2) proper safeguarding measures are put in place to sufficiently prevent risks of breaching Antitrust Laws (including during any negotiation).

9.3 The requirements in this section 7 apply to cooperation between **any Members**, **regardless of whether they are Competitors or not**.

10 Avoid Language Which Could Be Misconstrued

10.1 The verbal and written expressions of the Members (including email, WeChat or similar written forms) within the framework of, or relating to, the Alliance should be factual and accurate. Any misleading statements or language that could potentially be misconstrued by a competition authority should be avoided. This is to prevent lawful conduct from being suspected or perceived as breaching Antitrust Laws due to language not properly reflecting what is intended. The Members are encouraged to seek their own independent legal advice from antitrust counsel on language or expressions which could give rise to suspicions of breaching Antitrust Laws by antitrust authorities.

10.2 When sharing information with the Alliance or with the other Members, the Members must **always clearly state** the source of the data (especially Competitors' data), such as public information, industry reports, etc.

11 Employee Training on Antitrust Laws

11.1 A Member must provide proper antitrust compliance training (or other forms of compliance guidance which are equally effective) in advance for all of its employees who will attend events organised by the Alliance, or who will cooperate with any other Members within the framework of the Alliance, to ensure that such employees understand, and will comply with, Antitrust Laws and the Guidelines.