



## Competition Compliance Policy

### 1. Purpose of Policy

*“We will comply with all applicable laws and regulations; including anti-corruption, anti-trust and competition law, and trade laws and regulations.”* In order to realize the above creed in our Code of Conduct & Ethics, we must be familiar with the applicable competition laws, both local and global, and comply with such applicable competition laws. This Policy is to provide general guidance to the Personnel of the Company regarding the basics of competition laws worldwide.

### 2. Applicability and Scope

This Policy applies to all Personnel of the Company. Should any of the requirements in this Policy conflict or be inconsistent with local laws, the affected business must apply the highest standard consistent with local applicable laws.

If you become aware of possible violations of this Policy or have concerns about past or proposed actions by Personnel, please immediately contact Corporate Division and follow its instructions.

### 3. Key Definitions

Term	Definition
Cartel	Different kinds of co-operation between the Company and its competitor(s) covering hard-core restrictions, such as price fixing, market sharing, and production or sales limitations.
Competitors <i>or</i> competitors	Any individual or entity which provides or has the potential to provide similar or same type of products/services as the Company in the same market or which procures or has the potential to procure similar or same type of products/services as the Company in the same market.

#### 4. Executive Summary

- All agreements with competitors that restrict competition unfairly for other players in the market place are prohibited, including the following examples:
  - Price fixing;
  - Exchange of commercially sensitive information;
  - Market or customer allocation;
  - Production/supply and sales quotas allocation;
  - Bid rigging in tenders; and
  - Collective boycott.
  
- You must not speak to competitors on the above matters, including the sharing of any other key elements that form part of the price, or other commercially sensitive or confidential information.
  
- In business relations with suppliers and distributors/resellers, agreements that include terms which could restrict competition (territorial or product exclusivity) may be allowed in certain situations. Resale Price Maintenance or RPM is strictly prohibited.
  
- In markets where the Company holds a dominant position (depending on the jurisdiction, likely to be presumed to be the case in markets where the Company holds a market share of 50% or more, although a market share of 35% may be considered indicative of dominance), it has a responsibility not to engage in behavior that abuses that dominant position to eliminate or damage its competitors by adopting certain anti-competitive practices.

#### 5. Compliance Requirements

##### 5.1 Overview

Competition laws promote or seek to ensure and maintain fair competition in the marketplace. Two main areas of concern include:

- Anti-competitive agreements, between competitors (*e.g.*, price-fixing) and between suppliers and resellers (*e.g.*, RPM); and
- Abuse of a dominant market position.

Agreements may be formal or informal, written or oral. Even an informal understanding can be sufficient evidence of an anti-competitive agreement.

##### 5.2 Dealing with Competitors

You may come into contact with competitors regularly, through meetings at professional institutions, industry associations or at social functions and events. It is in these dealings and interactions with competitors that you are most at risk of inadvertently breaching competition laws.

## (1) Cartels and prohibited agreements

### a. Price-fixing

Agreements with competitors intended to fix prices or elements of prices (such as reductions, discounts, interest, costs, salary etc.) or other terms or conditions of sale (such as guarantees, payment terms, delivery terms, etc.) are strictly prohibited. In practice, this means that the following rules apply at all times:

- Do not agree with competitors on or disclose to competitors the minimum or target prices, profit margins or any other sales conditions such as discounts, rebates, and credit or payment terms.
- Do not coordinate price increases or decreases with competitors.
- Do not even discuss prices with competitors.
- Do not attend meetings with competitors involving pricing discussions.

### b. Production or output limitation

Agreements with competitors intended to influence each other's production volumes or sales volumes are also considered as types of cartels. Similar rules apply for this type of cartels:

- Do not agree with competitors on or disclose to competitors the production or sales volumes.
- Do not coordinate volume increases or decreases with competitors.

## (2) Market allocation

Any arrangement between competitors to divide geographic or product markets, sales territories or customers is strictly prohibited. This includes non-poaching agreements between competitors not to compete for each other's customers, or agreements not to poach each other's employees. Quota arrangements, where competitors agree on the quantities of the products and services they will sell or the market share they will maintain, are also prohibited.

## (3) Bid-rigging

Bid-rigging is a serious infringement. You must not enter into any arrangement, discussion or understanding between competitors regarding:

- The prices or terms and conditions to be submitted in response to a tender;
- Whether you/your competitor will bid or won't bid;
- Which competitor is intended to win the bid.

If a competitor contacts you about a tender, you must generally:

- Not disclose whether you intend to participate in the tender;
- Not disclose any information about prices, costs, suppliers or any key terms specified by the client;
- Explain that the enquiry is inappropriate; and



- Take a record of anything discussed and alert the Corporate Division immediately.

There may be circumstances where it is legitimate for competitors to discuss responses to tenders. Given the sensitivities with competitor contacts, however, you should always first discuss this with the Corporate Division.

#### **(4) Collective boycott**

Any arrangement with any third party (including competitors, customers and business partners) amounting to a refusal to sell to a certain customer or group of customers, or to deal with a particular business partner is also strictly prohibited.

#### **(5) Discussion topics / information exchange with competitors**

Be careful at trade association meetings, trade shows, customer meetings and informal/social events involving contacts with competitors. The following activities with competitors are generally permissible:

- General lobbying in favour of an industry's legitimate interests in a particular topic;
- Counselling on legal issues which benefit the industry as a whole without posing a threat to fair competition;
- Development of non-binding product standardization if reasonable, objective and open to third parties; and
- Joint advertising promoting the industry as a whole which does not restrict members from advertising their own brands and/or does not fix prices/other commercial terms.

On the other hand, as a general rule you should not provide to or exchange with competitors the following sensitive information:

- Industry and individual Company pricing, including price changes, subscription fees, discounts, surcharges, rebates or credit terms;
- Individual Company figures on sales or production volumes, sales revenues or production/ service capacity;
- Individual Company figures on costs, supplies or profit margins;
- Individual Company dealings with specific customers or suppliers;
- Information as to future plans of individual companies concerning technology, investments, or the design, production, sale or marketing of particular products and services; and
- Any other information which would normally be considered competitively sensitive and confidential.

However, the following ways of gathering market intelligence are generally permissible:

- Obtaining information about competitors from legitimate or public sources such as from customers, independent market research organizations or public industry statistics; and
- Engaging in industry statistical studies or benchmarking exercises provided approval has been received from the Corporate Division.

### 5.3 Dealing with Resellers and Business Partners

The Company is free to determine its own prices and negotiate with each individual reseller. However, the Company cannot control its resellers' general commercial or pricing strategies. We should not interfere with our resellers' downstream pricing policies, or facilitate an agreement or coordination between our resellers on their pricing and/or other commercial terms and conditions.

#### (1) Resale price maintenance

Resale price maintenance or RPM is strictly prohibited. RPM is any obligation imposed or pressure brought to bear upon a reseller to sell its products or services at a fixed, minimum or maximum price determined by the Company. Examples of illegal RPM include:

- Fixing the reseller's margin;
- Fixing the maximum level of discount the reseller can grant; or
- Threats, warnings, penalties, delayed delivery or contract termination in relation to observance of a recommended resale price;

You may provide a reseller with a recommended resale price, but you cannot impose a fixed resell price or behave in any way designed to coerce a reseller into selling at a certain price.

#### (2) Refusal to deal

If the Company is not in a dominant position, it has the right to choose the customers with whom it wishes to do business.

However, if the Company is in a dominant position, it can refuse to deal with a certain customer only in the case that there are justifiable reasons. For example:

- The Company may refuse to sell to a new or existing customer on the basis of objective reasons (for example, poor creditworthiness, non-payment of invoices, refusal to accept the Company's terms and conditions of sale).
- The Company may refuse to supply existing customers in case of shortages or non-availability of products, provided that your refusal is not arbitrary/discriminatory.



### (3) Partitioning the market

Artificial partitioning of the market may also be considered as illegal. Companies should not oblige its distributors to refuse to sell goods to customers residing outside of a given territory.

## 5.4 Abuse of Dominant Position

If the Company holds a dominant position in a market (depending on the jurisdiction, likely to presumed to be the case in markets where the Company holds a market share of 50% or more, although a market share of 35% may be considered indicative of dominance), certain behavior that otherwise would be lawful may be prohibited if it constitutes an abuse. Typical abusive behaviors include:

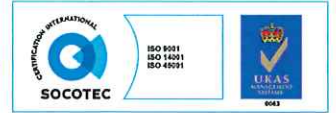
- Enforcing inappropriate conditions, particularly unfair purchase or sale prices;
- Restricting product development, product manufacturing, or product sales;
- Discriminatory treatment of different trading partners without an objective justification;
- Refusal to supply a buyer, absent an objective justification;
- Supplying a customer only if it purchases other products that are not connected with the primary product requested (tying);
- Predatory pricing, typically below-cost pricing or “dumping”;
- Exclusive purchasing agreements; and
- Abusive rebate systems, in particular loyalty rebates.

## 5.5 Drafting Documents and Communications

### (1) Use of language in communications

Take care with your language in all business communications, whether in writing or in the course of telephone conversations or meetings. A poor choice of words can make a perfectly legal activity look suspect. Set out below is general guidance on the use of language in communications:

- Whenever you write something down, remember that it could be made public one day. Take as much care in sending messages by e-mail or leaving them on voicemail as you would when sending a letter or memorandum. Assume that all email, SMS or voicemail messages may be read or heard by others.
- Avoid giving the impression that a customer is getting special treatment (e.g., “*This is a special deal for you only*”).
- Do not speculate about whether an activity is illegal or legal (e.g., “*This is probably illegal, but...*”). If you think it might be a sensitive area, speak to the Corporate Division before committing it to paper.
- Do not use guilty vocabulary (e.g., “*Please destroy/delete after reading*”, “*For your eyes only*”).



- Avoid power or domination vocabulary (e.g., “This will enable us to dominate the market”, “We have virtually eliminated the competition”).

**(2) Be aware of the medium of communication which you are using**

All documents, even those entirely internal to the Company, should be written on the assumption that they may be produced for inspection by competition authorities. Telephone calls also frequently create a document trail. Notes are usually taken during telephone conversations by one or both of the parties to the call. Do not assume that you can take less care with telephone conversations.

**6. Responsible Department**

Legal Department

**7. Miscellaneous**

This Policy comes in force as of 1<sup>st</sup> June 2022

(Mr. Hiroshi Mukai)

President

27 May 2022