

Fair Competition Policy

Owner: Hitachi Group Head of Risk Management (GHRM)

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Applicability: Global

Scope:

This Hitachi Group Fair Competition Policy (“Policy”) applies worldwide to Hitachi, Ltd. and all of its consolidated subsidiaries (“Hitachi Group”), to Hitachi Group’s workforce (meaning its officers, employees – whether full-time, part-time or temporary - and contractors). And Hitachi Group’s workforce shall take steps to ensure that anyone doing business with or on behalf of Hitachi Group, including contractors, consultants, advisors, agents, lobbyists, distributors, resellers, suppliers and business associates, as well as their respective officers, employees and subcontractors (collectively “Hitachi Group Business Partners”) comply with the terms of this Policy.

Objective:

To ensure that Hitachi Group remains in compliance with competition laws in effect in all parts of the world in which it does business, as well as to demonstrate Hitachi Group’s firm commitment to acting with integrity at all times and to conducting business globally in an ethical and legal manner.

Background:

Many countries or regions have enacted legislation to prohibit anti-competitive behavior in business dealings. Hitachi Group has always prided itself on conducting its business ethically, but it is more important than ever that we are seen to create a level playing field for our competitors, for our sales channels and other customers, and for our suppliers.

In this Policy, we only use the term “competition laws”, but for the avoidance of doubt United States antitrust laws are included in that term, as are other countries’ anti-monopoly laws, since they too prohibit anti-competitive behavior and unfair business conduct, as well as certain practices deemed to hurt businesses or consumers.

This Policy reflects and expands on the provisions of the Hitachi Group Codes of Conduct and the Hitachi Group Code of Ethics and Compliance.

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Statements of Principle:

Hitachi Group, its workforce and Hitachi Group Business Partners will compete fairly in compliance with this Policy and with all applicable domestic and foreign competition laws and will not engage in any deceptive business practices, take part in any activity that unlawfully restrains trade, or attempt to monopolize trade in any market for a particular product, service or solution. This applies to both horizontal relationships between Hitachi Group and its competitors and vertical relationships between and among Hitachi Group companies and the different levels of their respective supply and distribution chains. For the purposes of this Policy, companies that compete with Hitachi Group to hire or retain employees will be considered competitors of Hitachi Group.

1. Global Rules of Engagement

A. Competitors

To avoid the risk of investigations and subsequent liability under competition laws, **DO NOT** discuss or make any oral or written agreement, formal or informal, with a competitor of any Hitachi Group company, regarding what is known as “cartel activity”. This means any arrangement (please note that such an arrangement can be construed as arising or perceived to be arising from any communication, contact, information exchange, participation in a meeting, membership of certain trade bodies/associations, agreement, or any other act of coordination with a competitor in relation to trading) under which two or more competitors agree not to compete with each other, including in the areas of:

- Current or future prices, bids, or contract terms and conditions
- Discounts, rebates, allowances, or credit or freight terms
- Marketing or sales strategies, including promotions and sales incentives
- Market division, whether by territories, products or customers
- Decisions not to compete or to engage in bid-rigging
- Boycotts of any person or entity
- Restrictions on research and development expenditures and capital investments; production levels or capacity; or product inventories
- Employment practices, including salaries, benefits and other compensation
- Refusals to solicit or hire another company’s employees

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Leave any meeting at which competitors are present and any of the above topics are discussed, making it clear to the other participants that you will not engage in cartel activity or violate competition laws. If minutes of the meeting are being taken, make sure that the recorder notes your departure. Immediately contact your organization's Legal and Compliance department ("Legal and Compliance") to report the incident.

B. Trade Associations and Industry Groups

Trade associations and industry groups often involve competitors, so they raise potential concerns about anti-competitive behavior. Hitachi Group membership in such organizations requires the approval of Legal and Compliance. Hitachi's workforce must comply with this Policy in all trade association and industry group activities, including all informal communications and social gatherings. Any proposed collection or receipt of information from members, standard setting, joint research, benchmarking or similar activity requires prior written approval of Legal and Compliance.

C. All Customers

DO NOT, without prior written approval of Legal and Compliance, discuss or make any oral or written agreement, formal or informal, with any customer that would:

- Require the customer to purchase a particular Hitachi Group product or service, as a condition to selling to that customer another Hitachi Group product or service (known as "tying" arrangements or "tie-in" sales).
- Deviate from established Hitachi Group sales, pricing and promotional allowance policies.
- Create joint marketing or advertisement arrangements, the effect of which would be to create competition law issues, such as false or misleading advertising concerning products or services or disparagement of competitors, or would involve breach of country of origin laws or product liability or consumer protection laws.
- Impose restrictions on resale (e.g. customer, territorial and location limitations and added value requirements), unless there is a legitimate business justification.

Additionally, **DO NOT**:

- Make any false or misleading representations or promises, including with respect to the current or future availability of third-party products or services.
- Make oral changes to Hitachi Group contracts. Enforce contract terms inconsistently or suggest that Hitachi Group will not enforce contract terms, without legitimate business justification.

D. Channel Partners

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DO NOT discuss or make any oral or written agreement, formal or informal, with a Hitachi Group channel partner regarding any of the following, without prior written approval from Legal and Compliance:

- Resale price maintenance, which refers to the fixing of prices at which a buyer resells products; once a Hitachi Group company sells its products to its channel partners, they must be free to set their own resale prices
- Non-price resale restrictions (for example, territory or customers) that are not already part of the channel partner's contract with a Hitachi Group company
- Prohibiting a channel partner from carrying competing products
- The boycott or blacklisting of another company, wherever it is in the supply chain
- Any aspect of another channel partner's business that involves prices charged by that partner or its pricing policies, or any other information that is confidential to that partner
- Termination of a channel partner relationship for cause
- Acting as a conduit between channel partners concerning the above topics

Additionally, **DO NOT** engage in price discrimination whose effect may be to harm competition among channel partners, without prior written approval from Legal and Compliance. Price discrimination rules also apply to non-price terms and to promotional services and allowances granted to competing customers, which must be made available to all on a proportionally equal basis, unless recognized as a reflection or result of competition.

Meaning of price discrimination: Charging one type of channel partner a different NET price from that charged to another channel partner of the same category, for products of like grade and quality sold at the same time unless there is a legitimate business justification.

E. Suppliers

DO NOT, without prior written Legal and Compliance approval:

- Require a supplier to buy Hitachi Group products in return for any Hitachi Group company's purchase of that supplier's products.
- Prohibit a Hitachi Group supplier from selling its products to a Hitachi Group competitor.
- Enter a "buyer cartel", which is an agreement between buyers of a product to use their combined purchasing power to pressure suppliers into lowering their prices.

F. Fair vs. Unfair Competition

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Engaging in fair competition to win business is appropriate and ethical. There can, however, be a fine line between fair competition and unfair competition and certain practices are prohibited as being automatically illegal, or misleading or deceptive. With this in mind, **DO NOT**:

- Price below cost.
- Induce a breach of contract between a competitor and its customers or suppliers.
- Make false, misleading or disparaging comments about another company's products, business or business practices.
- Make false or misleading claims about Hitachi Group products or services.
- Misrepresent any Hitachi Group company's products or services.
- Sell any product without disclosing its country of origin.
- Misrepresent patent, copyright, trademark or other intellectual property rights.
- Fail to warn consumers about dangers that may result from the use of a Hitachi Group product.
- Do something indirectly that you are not permitted to do directly.

2. Regional Differences in Competition Laws

Key competition law differences exist in the various areas of the world in which Hitachi Group does business, notably as between the United States, Europe and Asia-Pacific. Since these differences apply in addition to, not instead of, the Global Rules of Engagement set out in this Policy, you must consult Legal and Compliance before entering into business arrangements, whether in a domestic or foreign market. This is particularly important since many competition laws have extra-territorial effect, meaning that a breach resulting in a penalty may occur anywhere in the world.

3. Measures to Prevent Anti-Competitive Behavior

Each Hitachi Group company will:

- a) Assign qualified staff to manage fair competition promotion within its organization.
- b) Periodically train its workforce (meaning its officers, employees – whether full-time, part-time or temporary - and contractors) on how to recognize and avoid uncompetitive practices.
- c) human resources practices, including recruitment, promotion, training, performance evaluation, remuneration, recognition and business ethics in general, reflect these Rules.

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- d) Verify the legality and appropriateness of contract terms by undertaking the laid down procedure for “Legal Review and Approval of Contracts” .
- e) Undertake due diligence on all entities with which it does business, including when making investments.
- f) Adopt best practices to prevent anti-competitive behavior in its business dealings and carry out self-audits to ensure compliance with this Policy.

4. Unannounced Visits by Governmental Authorities

Enforcement of competition laws sometimes involves unannounced visits to business premises by national or local governmental agencies, usually armed with a search warrant. Such visits may take place early in the morning and are often referred to as Dawn Raids. Hitachi Group requires its workforce to take steps to protect Hitachi’s interests when faced with a Dawn Raid. While ensuring that they do not create unnecessary risks, the required steps are:

- Identify the most senior Hitachi Group officer or employee on site and notify that person of the arrival of the authorities.
- Contact local Legal Counsel or the Compliance Department as soon as possible and by the fastest means available.
- Ask for and photocopy or make a record of the identity documents of officials who are conducting the raid, but otherwise limit interaction with the authorities to the extent possible.
- Make a copy of the search warrant on which the Dawn Raid is based.
- Keep a record of documents seized or copied and information requested by the authorities and provide it to Legal and Compliance.
- Prevent the shredding or other destruction of any documents or deletion of electronic materials, including automated data deletion that is otherwise performed as a regular part of operations.
- Do not share information concerning the Dawn Raid with third parties.

5. Communications

Hard copy and electronic records may be used as evidence in the event of litigation or a government investigation related to anti-competitive behavior. Accordingly, you should take care in crafting all communications, including emails, texts, voicemails, letters, handwritten notes and social media posts. This is particularly true of any communications that involve competition and competitors.

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Because of the speed and informality of electronic interactions in particular, unintended miscommunication can easily occur, sometimes causing significant legal problems for both individuals and companies. It is therefore very important to think carefully about the consequences of what you say and write.

The following communication rules will help to reduce or eliminate risk:

- Be accurate and stick to the facts, avoiding speculation, opinion and exaggeration.
- Avoid boastful, aggressive or derogatory language that could be interpreted as anti-competitive conduct.
- Identify the source of information regarding a competitor's pricing or other competitive information, to avoid any inference that such information was obtained illegally.

6. Hitachi's Expectations

Should any Hitachi Group company wish to adopt stricter or more lenient principles or examples than those outlined in this Policy, an application must be made in writing to the GHRM, whose decision on such exceptions will be final.

7. Hitachi's Expectations

Competition laws vary in terms of their focus, their stringency and their degree of flexibility. For this reason and to comply with Hitachi's commitment to conducting business in an ethical and legal manner worldwide, this Policy reflects the highest level of integrity expected of Hitachi Group, its workforce and Hitachi Group Business Partners, irrespective of any lesser requirements that exist in any region or country in which Hitachi Group does business.

8. Accounting and Business Records

Many competition laws emphasize the need to keep accurate records. Trying to hide or disguise unfair competition through false records is not only against the law, but it will be treated as an exacerbating factor when penalties are being assessed. All records to demonstrate the compliance with this Policy must be retained in accordance with the relevant rules on retention of compliance related documents of the Hitachi Group.

9. Personal Liability

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Companies are fined large amounts for breaches of competition laws and penalties for individuals may include both personal fines and significant jail time. Separately, Hitachi Group's workforce who violate this Policy will be subject to disciplinary action, up to and including termination of employment. Prompt and proper disciplinary action must be taken after undertaking proper investigation of all violations of this Policy, whether actual or suspected, carried out in accordance with the relevant rules on conducting compliance related internal investigations and compliance related disciplinary actions of the Hitachi Group.

10. Suspicions and Reporting Violations

You must report any actual or suspected breach of this Policy to your manager or Legal and Compliance. You may also file a report with the Hitachi Global Compliance Hotline ("Hotline"), either online or by phone. When using the Hotline, you may report anonymously, unless prohibited by local law. Hitachi Group will never retaliate against you or tolerate harassment, discrimination or retaliation by others, if you report in good faith.