Sumitomo Electric Group

GLOBAL ANTITRUST AND COMPETITION POLICY

The terms “antitrust” and “competition” are generally used interchangeably to refer to laws prohibiting unfair (anticompetitive) conduct. However, in general, the term “antitrust” is used in the United States (the U.S.), and “competition” is used in most other jurisdictions. For simplicity, the term “competition” will be used to refer to both “antitrust” and “competition” unless U.S. specific laws are referred to.

LETTER FROM PRESIDENT

Dear Colleagues,

In our Code of Conduct, I discussed the Sumitomo Electric Group's ("SEG") proud history spanning over 120 years. I mentioned the Sumitomo Spirit, which encompasses our goal to strive for excellence in our work, and integrity in our business conduct. In all of our business affairs, we operate not only within the letter and spirit of laws and regulations, but also in accordance with the highest ethical standards.

Part of those standards is to ensure that we vigorously compete where we do business in an ethical way. To "vigorously compete" in an ethical way means that we will strive to win business and orders but we must do so without colluding, conspiring, or agreeing to anything illegal with our competitors. In other words, we must always determine our pricing and business independently.

This SEG Global Antitrust and Competition Policy supplements our Code of Conduct. It is here to remind all of our employees, wherever they are, to be aware of and to follow the various competition laws worldwide. The management of all SEG companies shall implement this Policy and ensure that our employees comply with this Policy.

Our Legal Department and Compliance & Risk Management Office prepared this Policy to assist employees in understanding basic issues and identifying situations that may raise concerns. Our regional Legal Departments are available worldwide to assist you in ensuring that you understand and comply with these laws. SEG has a comprehensive antitrust and competition compliance program and this Policy is an important part of that program. We have training available, in person and on-line. You all should take time to attend these trainings regularly. Further, it is your responsibility to understand how competition laws can affect our business and you.

I ask each of you to make a personal commitment to do business in accordance with the Sumitomo Spirit and this Policy.

Osamu Inoue
President & COO
Sumitomo Electric Industries, Ltd.

STATEMENT OF SEG GLOBAL ANTITRUST AND COMPETITION POLICY

Competition laws are intended to promote competition between businesses and ensure fairness and a free marketplace.

SEG has adopted an antitrust and competition compliance program (a supplement to our Code of Conduct) with two objectives. First, to set out and communicate SEG's policies concerning compliance with competition laws. Second, to prevent violations of these competition laws.

This compliance program covers the following key principles:

- It is the individual responsibility of all employees, managers, directors and officers of SEG to comply with all applicable competition laws;

- SEG employees must not engage in, permit other employees to engage in, approve or tolerate any conduct that violates applicable competition laws or SEG Global Antitrust and Competition Policy;

- Employees in management positions are personally accountable not only for their own actions but also for the conduct of their subordinates. Therefore, each manager should take particular care to implement appropriate internal controls to reduce the risk of competition law violations;

- Any employee who violates SEG Global Antitrust and Competition Policy may be subject to disciplinary action, up to and including dismissal; and

- SEG will provide materials and education programs as needed that explain in a practical manner what is expected of employees who are likely to face competition issues in connection with their day-to-day responsibilities.

SEG will not condone any conduct that could give rise to a competition law violation and no manager or supervisor shall issue any instruction to the contrary.

A. COMPETITION AND ANTITRUST LAW OVERVIEW

1. Introduction

Over 120 countries around the world have adopted competition laws. Amongst these countries' various laws exist some common principles. SEG must comply with the competition laws in the places in which it does business. In many countries, competition authorities apply their rules to competition law breaches which have taken place outside of their respective jurisdiction if they consider that the conduct harms consumers in their country. In some countries, such as the U.S., certain actions, such as price fixing by competitors, are always considered illegal regardless of the harm to the consumer. Always consult with the regional Legal Department to determine which competition laws are applicable.

Competition laws generally share the same objectives:

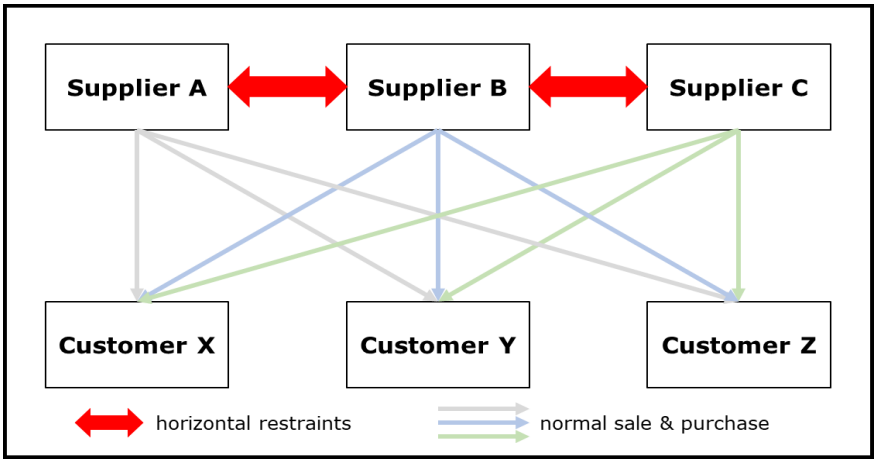
1) Ensure that markets operate efficiently by companies providing competitive prices, product choice, and innovation. This means, for example, that purchasers should have a range of independent competing sellers who have not acted together to reduce the degree to which they compete. Likewise, a seller should be faced with competing buyers who are acting in their individual best interests to reduce costs;

2) Ensure that where a business dominates a market such that the business can operate without taking much account of any impact on competitors and customers (for example, a monopoly or an oligopoly), that business does not damage competition through anticompetitive behavior; and

3) Ensure that companies may not complete mergers or acquisitions if such deals would substantially reduce competition and disadvantage consumers.

2. Dealing with Competitors (Horizontal Restraints)

Competitors operate at the same level of the supply chain – so agreements between competitors are referred to as 'horizontal restraints' (the following red arrows).



The basic premise of the competition laws is that each company must make its business decisions independently of its competitors. Agreements with competitors such as fixing prices, allocating customers or markets, rigging bids or boycotting other market participants or potential entrants are considered so harmful to consumers that competition authorities automatically consider them to be illegal.

2.1. What Constitutes an Agreement?

An agreement between competitors in a violation of the competition laws includes not only a formal contract but also any informal understanding (a handshake, an understanding, verbal or otherwise, a chat in the bar, a chat while playing golf etc. where competitively sensitive information is shared to align market actions). An agreement can be inferred from conduct and other circumstances. In fact, many illegal agreements are inferred from circumstantial evidence (i.e. two competitors communicated with each other – and might not have agreed any course of action - and later engaged in similar business conduct) or from conduct (i.e. two companies consistently raise or lower prices at the same time or announce such changes at the same time). An exchange of competitively sensitive information might not look like an agreement, but it may be considered evidence of an illegal agreement by a competition authority. And even where no illegal agreement has been reached, communications with a competitor can raise suspicions that an anticompetitive agreement has been formed that can subject us to an investigation or lawsuit. Additionally, in some jurisdictions, the exchange of competitively sensitive information is itself a violation of competition laws.

2.2. What Constitutes a Competitor?

Another company is a competitor if it competes with us in our sales markets (power cables, fiber cables, wire harnesses etc.), if it competes in the purchase of goods and services, or if it competes with us for employees in the labor market. Frequently, customers of one part of our business will be competitors for other parts of our business.

2.3. Types of Anticompetitive Agreements (or Cartels) between Competitors

I) **Price-Fixing Agreements.** Entering into any agreement with a competitor to fix prices or competitive terms is always unlawful. In many countries—including Japan, the U.S., and the United Kingdom—individuals involved in price fixing agreements can go to prison. Price fixing relates not only to prices, but also to other terms that affect prices, such as shipping fees, discounts, finance rates, or services. In addition, in many countries, an agreement with a competitor that limits or otherwise fixes the terms of employment for current or potential employees is also unlawful. Please consult with your regional Legal Department in this situation.

II) **Agreements to Allocate Markets or Customers.** It is always unlawful to enter into an agreement with a competitor (or competitors) to divide markets. In these types of agreements, competitors allocate specific customers or types of customers, products, or territories among themselves. A supplier might independently decide not to deal with a particular customer, but suppliers cannot agree which customers they will supply/target.

III) **Bid Rigging.** It is always unlawful to enter into any agreement with a competitor on the value (including approximate value), terms and conditions in a bid or method by which bids will be submitted or determined. Illegal bid rigging also includes agreements or understandings among competitors to: (i) rotate projects/jobs or bids between competitors; (ii) determine who will bid and who will not bid, or who will bid to which customers, or who will bid high and who will bid low; or (iii) determine the prices that individual competitors will bid. In some cases, even the exchange of information related to bids or who will bid may be considered illegal. Please consult with your regional Legal Department in this situation.

IV) **Exchange of Competitively Sensitive Information between Competitors.** In many jurisdictions, exchanging certain types of competitively sensitive information (such as information on future prices or commercial strategy which are not in the public domain) is punished as a cartel. Even sending public information directly to a competitor could be punished as it would be considered an attempt to influence the competitor's strategy (parallelism).

V) **Boycott.** A boycott is an agreement between two or more competitors to refuse to do business with a third party, whether it is another competitor, a customer or supplier, for an anti-competitive purpose. Examples include a denial of goods to a "price-cutter" or discounter, or the exclusion of a competitor from a trade association or standards setting organization.

2.4. Lawful Agreements with Competitors

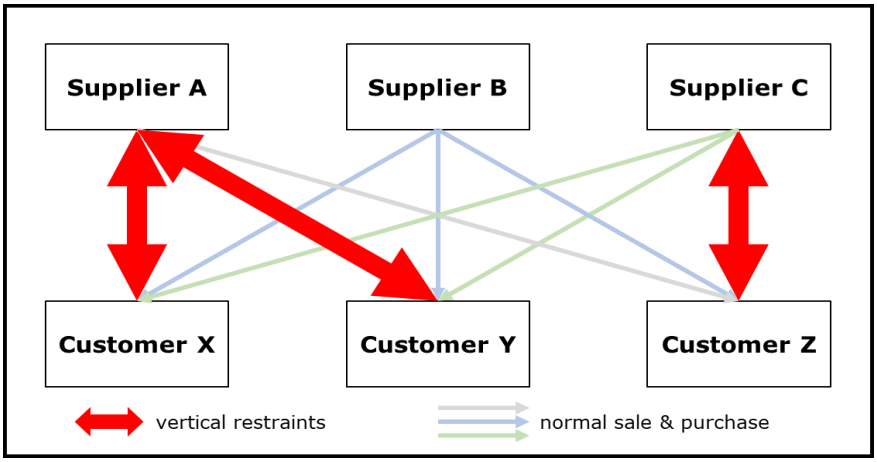
There might be legitimate reasons to discuss or agree on matters with a competitor, for instance:

- a customer explicitly requests competitors to provide suggestions about how to solve a technical challenge;
- joint development, cooperation, joint R&D, joint venture and consortia agreements for a project which are too risky for our company to do alone due to insufficient capacity, where we do not have the technical means or skills, or where the customer requests such cooperation; and
- transactions with competitors in areas in which the competitor does not compete with our company (for example, the purchase of a good or service (or the selling of a good or service) in an area in which our company and the buyer/seller does not compete).

In all instances where there might be reasons to discuss or, potentially agree matters with a competitor you must consult your regional Legal Department before engaging in the discussions with your competitor.

3. Vertical Restraints

Agreements between parties that operate at a different level of the supply chain are referred to as 'vertical restraints' (the following red arrows).



Vertical restraints refer to certain types of practices by manufacturers or suppliers relating to the resale of their products because there is a restriction on how the other party can deal with the products.

3.1. Resale Price Maintenance

An agreement with distributors and wholesalers about the prices the reseller will charge its customers is frequently considered illegal. Our company will not extract agreements from customers regarding the price or minimum price at which the customer will resell a product without prior approval of the regional Legal Department.

3.2. Other Vertical Restraints

In general, the following types of vertical restraints may be illegal, depending on the extent to which they cause injury to competition in the relevant market:

- an agreement requiring a supplier to deal exclusively with our company, or restricting a supplier from selling its goods or services to SEG's competitors;
- an agreement with distributors and wholesalers about the territories in which, or the customers to which, the reseller may resell the products;
- an agreement in which our company limits the individuals or firms from whom our customers will purchase goods or services, or attempts to limit our customers' rights to purchase goods and services from others; or
- selling the same product at different prices or on different terms or conditions to different customers during the same time period.

You must discuss any of these matters with your regional Legal Department before reaching any such agreement.

4. Abuse of Dominant Position

There is nothing illegal or wrong with a company becoming successful though legitimate means such as the use of patents. However, the competition laws generally prohibit exclusionary conduct by a monopolist (e.g. Japan and USA) or abuse of their strong market position (e.g. Japan, EU and many other countries).

Companies with significant market power can be said to have a special responsibility not to allow their conduct to distort the market. Conduct that can be considered anticompetitive if carried out by a dominant / monopolistic company without objective justification includes:

- charging unreasonably high prices;
- selling at unjustifiably low prices (below cost) in order to prevent a new competitor entering the market;
- an agreement tying the purchase of one product to an agreement to purchase another product;
- refusing to enter into a contract with a customer;
- entering into exclusive purchasing or selling requirements (non-compete); or
- structuring rebates/discounts so that customers are penalized if they do not buy all their requirements from the dominant company.

If our company has a very strong position on the market for any specific product, employees must not enter into contracts for products or services with the above conditions (or refuse to enter into a contract) BEFORE getting legal advice from your regional Legal Department.

B. POTENTIALLY SENSITIVE AREAS

1. Social Interactions with Competitors

In the event that you interact socially with a competitor, you must take care to ensure that such interactions never concern sensitive business topics such as prices, costs, terms and conditions of sale, business plans, suppliers, customers, territories, capacity, production, or any other subject that could be considered competitively sensitive, unless approved by the regional Legal Department in advance.

2. Trade Associations and Industry Events

Trade associations and industry events bring together participants in a specific industry to discuss matters of common interest. However, these association meetings and industry events can provide opportunities for competitors to discuss topics that can lead to a violation of competition laws. Employees must obtain training or guidance from the regional Legal Department before joining the trade association and refer to this training or guidance regularly. Once employees have joined a trade association, they should ensure that a written agenda is prepared in advance of each meeting and that the topics of discussion are consistent with the agenda. Employees are expected to immediately report to the regional Legal Department if any discussions occur during the meetings that relate to competitively sensitive topics.

3. Information Exchanges

Any information exchange with a competitor that involves information that is non-public, current or forward-looking, unaggregated or firm-specific, and therefore is considered to be competitively sensitive in some respect, is likely to raise competition law risks. Any exchange of competitively sensitive information among competitors should be evaluated by the regional Legal Department for competition risk and structured to minimize competitive harm.

4. Joint Ventures, Consortia, M&A, Cooperation Agreements with Competitors, and Other Legitimate Ventures with Competitors

While it might be legitimate for competitors to create a joint venture or a consortium to compete better, such agreements can raise substantial competition law issues. Due to the competition law risks associated with the formation and execution of such arrangements, a member of the regional Legal Department must be involved, from the beginning of the discussions. The regional Legal Department must ensure that discussions, negotiations, communications, and the proposed business venture itself are pro-competitive, as well as ensure the flow of documentation and communications, and the execution of the venture itself, is in compliance with competition laws.

5. Benchmarking Issues

Benchmarking is a structured comparison of other companies' ideas, processes, practices, or methods. It can be a pro-competitive tool when done properly by: (i) legitimate surveying or consulting organization employing certain safeguards, or (ii) by only using public information or information legitimately provided by a customer. However, benchmarking carried out without careful adherence to those safeguards can be used as a means to exchange competitively sensitive information in a violation of competition laws. You must seek prior permission of the regional Legal Department before participating, or agreeing to participate, in any benchmarking exercise other than those described in (i) and (ii) above. You must contact the regional Legal Department if you have any questions or concerns regarding whether a benchmark survey and/or exercise violates this policy.

6. Vertical Business Relationships with Competitors

You may encounter situations in which a company with which SEG competes is also a supplier, distributor, or has another relationship with SEG that is separate and apart from the product/area in which the companies compete. You must ensure that any communications with this competitor are strictly limited to the "vertical" business relationship with SEG (i.e. buyer/supplier, distributor/customer, etc.), not encompassing other areas where we do compete. If you are unsure about whether a communication with one of these competitors on a topic is permitted, it is important to seek the guidance of the regional Legal Department in order to get appropriate advice and implement appropriate safeguards, including non-disclosure agreements and internal firewalls.

C. ENFORCEMENT

The consequences of a competition law violation are serious both for the company and for the employee that is involved in the violation.

1. Consequences for Company

1.1. Fines

A violation of competition laws may result in significant fines. For example, in Europe the fine can be up to 10% of our worldwide turnover. In the U.S., fines for a violation of federal antitrust law can be $100 million or much more where twice the gain or loss from the violation exceeds that amount. Fines also may be imposed for violations of state law, and these fines can be very substantial.

1.2. Customer Compensation

Injured private parties also may sue SEG in court to obtain compensation for the harm they suffered by SEG and its competitors. In some jurisdictions, as in the U.S., private parties may obtain 'treble damages' (damages equal to three times the amount of the overcharge they paid to SEG and its competitors as a result of the violation).

1.3. Cost of Investigations and Litigations

The financial cost of the proceedings in front of the competition authorities as well as follow-on private damages actions can be high and it puts almost immediate financial burdens on SEG companies.

1.4. Management Disruption

The existence of investigations or litigations is disruptive and this can impact on management time and on the day-to-day business meaning that key decisions might be delayed or impacted.

1.5. Reputational Damage

We must not forget the damage to our reputation that engaging in such illegal activity can have. In the new age with social media and internet being widely accessible, the actual or potential damage to our reputation can be realized very quickly. Being seen to have engaged in anticompetitive conduct can have a significant impact on our reputation with our customers, but also with the general public, impacting on our ability to recruit staff.

2. Consequences for Individuals

Breaches of competition laws are criminal offences in several jurisdictions and can result in prison time for individual employees. The U.S., for example, is extremely aggressive in holding individual executives accountable for engaging in antitrust violations, even where all of the conduct occurs outside the U.S., and prison sentences

are common and can be as long as 10 years (with people being potentially extradited and jailed in the U.S.). Other jurisdictions are increasingly using their criminal enforcement powers to penalize cartel conduct.

D. PRACTICAL GUIDELINES – DOS AND DON'TS

Employees must:

- Discuss any competition questions or concerns with the regional Legal Department.
- Follow requirements regarding competition laws and undertake all required training.
- Stop conversations, especially with a competitor, if you suspect it might touch inappropriate areas where you have doubts about it being legal. You must:
  - (i) immediately inform this person that this discussion is a direct violation of this Policy;
  - (ii) immediately end the discussion and/or leave the discussion, asking for your departure to be noted;
  - (iii) immediately make a physical note of your actions; and
  - (iv) as soon as possible thereafter contact the regional Legal Department regarding the details of this discussion.
- Report any discussions that involve the topics addressed above immediately to the regional Legal Department.

Employees must not:

- Discuss prices, the timing of price changes, costs, margins, terms and conditions of discounts and rebates, capacities, bids for business, new projects, strategies, business plans, suppliers, customers, or any other competitively sensitive information with SEG's competitors. This prohibition applies at all times and locations, including trade associations, social occasions, and on social media.
- Joke or use ambiguous or speculative language which could be construed as suggesting or expressing an agreement or understanding to: jointly set prices or other sale terms (including credit terms or discounts); fix or agree on bids (or agreements not to bid); allocate markets or customers; reduce or control production or output; or boycott, penalize or otherwise discriminate against another company or person.
- Agree with a customer or competitor not to deal with other companies.
- Agree with a competitor regarding the hiring or recruitment of employees (including agreeing not to hire or recruit an employee) or the terms and conditions of employment.
- Engage in any of the following activity – without approval from the regional Legal Department:
  - (i) limit the territory in which or the price at which a customer may resell our company's products;
  - (ii) limit the person or companies to whom a customer may resell our company's products;
  - (iii) require a customer purchasing one product or service to purchase another product or service (tying arrangement);
  - (iv) prohibit a customer from purchasing from your competitors (exclusive dealing arrangement); and/or
  - (v) engage in activities that might appear to be abusing a dominant position.

E. CONCLUSION

This Policy places responsibility to ensure compliance with competition laws on every director, officer, manager and employee.

This Policy is intended as an aid to assist you in understanding and fulfilling your responsibility to comply with SEG's Code of Conduct.

This Policy is not intended to make you an expert, but rather to help you identify competition issues that could arise in the course of your job responsibilities.

The practices described above do not encompass every type of arrangement or agreement that has been held to constitute a competition law violation.

You must raise any agreement, business relationship, or business opportunity that may pose competition concerns with your regional Legal Department.