



United States Antitrust Compliance Policy

Company Commitment

We are committed to winning business on our merits, including our reputation for honesty and fair dealing. We are dedicated to complying with all applicable antitrust and related competition laws in countries where we conduct business. By operating in the U.S., we are required to comply with U.S. (federal) and state antitrust laws. This United States Antitrust Compliance Policy (the “Policy”) summarizes some of the most important points from the U.S. Antitrust Compliance Manual (the “U.S. Manual”) concerning compliance with antitrust laws in the United States. Because the Policy is only a summary, the U.S. Manual should be consulted for further guidance regarding compliance with antitrust laws in the United States. A separate E.U. Manual and Policy should be consulted in connection with compliance with antitrust law in the E.U. Bottom line, we are committed to doing business honestly because it is the right thing to do, because it permits Itron to maintain a competitive advantage in the marketplace, and as importantly, because it is absolutely required by law. The consequences of non-compliance can be extraordinarily severe for both the company and any individuals involved.

Scope of Policy

This Policy applies to Itron and all of its subsidiaries and operating units in the U.S., including businesses that Itron owns or controls, and to all Itron employees, directors, officers, contractors, and full and part time contract workers. This Policy document will summarize some of the areas of U.S. antitrust law that present the greatest risk to both the company and to individuals. Importantly, as noted previously, the Policy does **not** replace the U.S. Manual. Many of the more nuanced issues cannot be adequately addressed in this document.

Potential Penalties for Violations

Certain serious antitrust violations, identified below, may subject both the company and individuals to **criminal** sanctions. For example, violation of Section 1 of the Sherman Antitrust Act subjects corporations to up to a \$100 million fine; the maximum fine may be increased to twice the amount the conspirators gained from the illegal acts or twice the money lost by the victims of the crime, if either of those amounts exceeds \$100 million. Individuals face imprisonment for up to 10 years, and a fine of up to \$1 million. Moreover, criminal charges under the Sherman Act are often accompanied by charges for criminal wire and mail fraud, which carry additional fines of up to \$500,000 for organizations, \$250,000 for individuals, and a maximum prison sentence of up to 20 years. If the fraud involved a financial institution or a natural disaster, the fine can increase up to \$1 million and imprisonment up to 30 years.

Criminal enforcement of antitrust laws can result in a flood of related civil antitrust lawsuits. U.S. antitrust laws offer plaintiffs the economic incentive of treble damages, i.e., a recovery three times the amount of their actual damages, plus attorneys’ fees to prevailing plaintiffs that undertake costly civil antitrust litigation. An antitrust criminal conviction makes it much easier for private plaintiffs to obtain a civil recovery. Class action plaintiffs’ lawyers build on government investigations to recover a huge bounty.

Summary of Areas of Potential Antitrust Liability

The following conduct is **absolutely prohibited** under both federal and state U.S. antitrust laws:

1. **Horizontal price-fixing** refers to the process of competitors agreeing among themselves, directly or indirectly, about the prices they will charge. For example, **bid rigging** refers to agreements not to bid

against someone else for business. Never agree with a competitor about the process of setting price, for example, the process of competitive bidding or the formula for calculating a price or the component of a price. Never agree with a competitor about who will or will not bid for business. Never discuss these matters with competitors.

2. **Market allocation agreements** refer to agreements among competitors to divide up markets in some way, e.g., by territory, product line or customers. These kinds of agreements are almost always violations of the antitrust laws. In RARE cases, an agreement to allocate product lines may be lawful if there is a legitimate business reason, for example, as part of a joint venture. However, you **MUST** presume any such agreement is unlawful and never enter into such an agreement without first consulting the Legal Department.
3. **Boycotts** refer to agreements among competitors to refuse to deal with someone. In general, such agreements are unlawful except for RARE cases, e.g., as a part of a legitimate joint venture. Joint ventures are complex undertakings and will require careful planning and prior legal advice from the Legal Department.
4. **Communications with competitors** should never involve price or the process of setting prices with competitors. Do not exchange price lists or other pricing documents with competitors. Never make a statement that could be interpreted to invite or encourage competitors to take certain actions. For example, never say publicly or to any competitor that “prices are too low.” Never discuss with competitors the terms on which the Company is dealing with a particular customer or plans to do so in the future. Never comply with a competitor’s request to reveal the price that the Company charged a particular customer. In general, communications with competitors concerning the company’s confidential information should be avoided.
5. **Vertical price-fixing** refers to an agreement between companies at different levels of a production-distribution chain, such as a manufacturer and a distributor, regarding the price at which a product will be resold. Certain states treat setting **MINIMUM** prices as unlawful. Because of the significant risk that such agreement will be deemed unlawful, it is therefore the policy of Itron **NEVER** to enter into vertical minimum pricing agreements.

Below is a summary of **other areas of potential antitrust liability**, addressed in more detail in the U.S. Manual. Itron personnel should reach out to the Itron Legal Department to answer any questions.

1. **Mergers and acquisitions** are permitted unless they harm competition. Before deal closings, any unlawful pre-merger coordination between merging parties—**gun jumping**—is prohibited. Additionally, antitrust laws prohibit a person from serving as a director or officer of two competing corporations— “**interlocking directorates**”—if: a) the capital, surplus and undivided profits; and b) the competitive sales of each company, exceed minimum thresholds, which are adjusted each year by the Federal Trade Commission based on changes in the GNP. The thresholds are updated annually and available [here](#).
2. **Vertical price-fixing** involving setting **MAXIMUM** prices may be permissible in order to prevent, for example, price gouging. **Non-price vertical restraints** includes territorial restrictions, restrictions on products that can be sold to distributors, meeting with distributors, tying, and exclusive dealing. **Tying** refers to the practice of allowing a customer to purchase one product only if the customer purchases a second product. U.S. antitrust laws prohibit tying when a company has a large enough market share in the tying item that it can force the purchase of the second product on terms that would otherwise not be competitive. **Exclusive dealing** involves agreeing with a distributor that it will be the only distributor to whom the Company will sell products in a particular geographic area. Exclusive dealing is not permissible unless two requirements are met: (1) a legitimate business reason exists for such

a restriction, that is not outweighed by anticompetitive harm; and (2) the restriction must be a result of the independent decision of the Company and the agreement of an individual distributor.

3. **Price discrimination**, which unfairly eliminates competition or harms customers, is prohibited. Also prohibited are predatory price discrimination, discriminatory promotional allowances and related practices, unlawful brokerage payments, and unlawful inducement of a discriminatory price. Refer to the U.S. Manual for additional detail.
4. **Monopolization** refers to unfair, monopolizing practices with no legitimate business purpose and which are followed simply to harm a competitor. Unfair monopolizing practices include (1) predatory pricing; (2) refusing to deal with a competitor, customer, or supplier without a legitimate business justification; (3) entering into contracts with suppliers to deprive competitors of essential supplies; or (4) buying up competitors to achieve a monopoly position. **Predatory pricing** requires the following elements: (1) the price is below cost; (2) the price is set below cost in order to eliminate competitors in the short run, to obtain reduced competition in the market as a whole in the long run, and to recapture short-term losses with monopoly profits in the long run; and (3) there is a real possibility that the company engaging in below-cost pricing will be able to obtain a dominant share of the market and recoup its losses. This can lead to monopolization or attempted monopolization.

Violations of this Policy

Violation of this Policy will result in immediate disciplinary action, up to and including termination. Third parties who violate this Policy are subject to immediate termination.

Compliance Program

Itron maintains an Antitrust Compliance Program that includes:

- Global training of company and, where appropriate, third-party personnel;
- Periodic risk assessments, risk mitigation planning, and urgent remediation of known or identified issues;
- Periodic auditing and testing to determine the effectiveness of compliance controls; and
- Pre-acquisition due diligence assessments, and post-acquisition integration planning.

Reporting

All employee and Company agents are required to report promptly any misconduct of which they are aware, either inside or outside of the Company, that raises antitrust concerns to the Legal Department, or by using the Itron Compliance and Ethics Line or EthicsPoint website (www.itron.ethicspoint.com).

REPORTING IS ENCOURAGED. NO ADVERSE ACTION WILL BE TAKEN AGAINST ANY PERSON WHO MAKES A REPORT IN GOOD FAITH, EVEN IF THE FACTS DO NOT ULTIMATELY CONFIRM A SUSPICION OF WRONGDOING.

Please consult the Reporting and Non-Retaliation Policy as well as the U.S. Manual for further information regarding the process for reporting.

Questions

Questions about this Policy should be directed to Itron's Global Compliance Team at Compliance@itron.com.