



Subject: Antitrust Compliance

Date: March 24, 2011

Policy Number: L-9

Attachment 1<sup>1</sup>

**Trade Association/Trade Show Antitrust Compliance Procedures**

[Because membership in a trade association and participation in a trade show typically involves contact with competitors, trade association membership and trade show attendance must be approved in accordance with the Trade Association/Trade Show Antitrust Compliance Procedures below. The meanings of trade association and trade show for the purposes of this Antitrust Compliance Policy should be interpreted broadly and generally include, without limitation, any organizations or groups associated with the products or services of UTCFS or its competitors or in which UTCFS employees and one or more of UTCFS' competitors' employees are involved. Examples of organizations or groups that are considered trade associations for the purposes of this Antitrust Compliance Policy are international, national and local trade or industry groups and standard setting organizations. Consult the Legal Department in the event of any uncertainty with respect to whether a particular organization or event is covered by this Antitrust Compliance Policy.]<sup>2</sup>

1. This Procedure applies to all UTC Fire & Security ("UTCFS") employees. For WHQ employees, references to "Regional President" shall be replaced with "Responsible Vice President" and references to "Regional Attorney" shall be replaced with "General Counsel UTCFS". For Fire & Security Services employees, references to "Regional President" and "Regional Attorney" shall mean the President and Attorney respectively of the applicable geographic region and not the global President of Fire & Security Services.
2. With respect to participation in trade associations and trade shows, such procedures include at least the following:
  - A. The Regional President and Regional Attorney, or their respective designees, shall periodically (but at least annually) review the trade associations to which the Region, companies in the Region or representatives on behalf of the Region belong or participate or desire to become members or participate. The Region shall establish its own process for conducting this review. Such process shall include at least a review of the association's stated purpose, the business benefit of membership/participation, membership criteria, current membership role, bylaws, dues or other expenses associated with membership

<sup>1</sup> These Trade Association/Trade Show Antitrust Compliance Procedures are included as Attachment 1 to UTC Fire & Security's Antitrust Compliance Policy (UTCFS Policy L-9).

<sup>2</sup> This bracketed paragraph is excerpted from Section C, 4 of UTC Fire & Security's Antitrust Compliance Policy (UTCFS Policy L-9).



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in the association, lobbying activities, lobbying expenses, historic minutes, and antitrust guidelines, if any. On the basis of this review, the Regional President, in conjunction with the Regional Attorney, shall determine whether membership/participation in the trade association is in the best interest of the company. The process of each Region shall be designed to require Regional President and Regional Attorney approval in advance of any membership commencement or termination by a participant.

- B. The Regional President and Regional Attorney, or their respective designees, shall periodically (but at least annually) review the individuals who are members of or participate in trade associations on behalf of the Region. Such process shall include at least a review of the individual's position/responsibilities, previous compliance with these trade association procedures, and training on antitrust considerations. On the basis of this review, the Regional President, in conjunction with the Regional Attorney, shall determine whether the participation of each individual poses an undue antitrust risk.
- C. Participation in trade associations should generally be limited to employees responsible primarily for regulatory (e.g. codes and standards), health, safety, environmental, product design, installation, and technical or engineering compliance. In those situations in which an employee's responsibilities include selling, marketing, advertising, promoting, or pricing of company products or services (collectively, "sales & marketing employees"), the employee's participation in a trade association is subject to the approval of the Regional President and the General Counsel UTCFS. For such employees, the periodic review outlined in Section B shall include the General Counsel UTCFS or his/her designee.
- D. Participation in trade shows either as an exhibitor or an attendee shall be subject to the approval of the Regional President and the Regional Attorney or their respective designees using procedures and forms adopted by the particular Region for the pertinent type of participation. Trade show participation should be based on a business objective and limited to employees whose responsibilities are directly related to promoting the business objective.
- E. Employees that plan to participate in trade association meetings or trade shows are required to have completed antitrust training as prescribed by the Regional Attorney or General Counsel UTCFS which will include initial training sufficient to provide the employee with familiarity of antitrust laws



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and issues (specifically, completion of the Business Practices Education Center (BPEC) course entitled Antitrust VIII: Trade Associations (CMP209), or equivalent training approved by Regional Counsel), and then at least one antitrust training course annually thereafter. Such training may include in-person training or Business Practices Education Center (BPEC) courses regarding antitrust and competition law.

- F. Before attending any trade association meeting, an employee must also provide the Regional Attorney, or his/her designee, with a copy of the agenda for the meeting in advance and obtain confirmation from the Regional Attorney that attendance at the meeting is appropriate.
- G. Employees attending any trade association meeting must provide the minutes of each meeting to the Regional Attorney, or his/her designee, in a timely manner. The Regional Attorney shall review such meeting minutes and provide notice to the General Counsel UTCFS of any potential antitrust concerns.
- H. If an employee attending a trade association meeting or trade show is present for any discussion that begins to involve inappropriate topics among competitors (see generally Section C, 1 of policy L-9), the UTCFS employee should immediately announce his/her intention to leave the meeting and then leave the meeting if the discussion continues. Employees attending any trade association meeting or trade show where the employee perceives there to have been any potentially non compliant activity or communication must immediately discuss with the Regional Attorney the conduct and substance of the meeting and any outcome. The Attorney shall document the discussion and maintain a record with the meeting minutes.
- I. Participants in meetings with competitors, including trade association meetings and trade shows, must abide by the Antitrust Compliance DOs & DON'Ts attached as Attachment 2 and Attachment 3.
- J. Employees participating in trade association activity that involves standards setting shall apply their best technical judgment on any proposed standard. Each Region, in consultation with the UTCFS Director of Regulatory Affairs, may establish additional procedures applicable to employees who are proposed to participate in trade association activity that involves standards setting. With the approval of the General Counsel UTCFS, such procedures may include the approval of exemptions from certain of the requirements



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under this Attachment 1 (e.g. exemptions from specific pre-approvals to attend certain types of meetings).

- K. Any communication or meeting which occurs without prior approval and authorization in accordance with this Policy must be reported promptly to the Regional Attorney.
  - L. Regional Presidents and Regional Attorneys shall determine whether any other communication or meeting beyond the permissible purposes identified in the policy is necessary or beneficial for business reasons and does not pose undue antitrust risk.
  - M. After notice to the General Counsel UTCFS, the Regional President and the Regional Attorney will ensure that UTCFS representatives withdraw from any communication, meeting, or activities that are not business-justified and/or which pose undue antitrust risk.
  - N. No later than February 1<sup>st</sup> of each year the Regional President and Regional Attorney shall submit to the General Counsel UTCFS a certification in the form of Exhibit 1 confirming compliance with these procedures for the preceding calendar year.
3. These measures are continuous and ongoing. Additional follow-up may be required, including the possible use of certification procedures as may be required by the Regional Attorney or General Counsel UTCFS. See Exhibit 2.



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Exhibit 1 to Attachment 1

**CERTIFICATION REGARDING TRADE ASSOCIATION/TRADE SHOW ANTITRUST COMPLIANCE PROCEDURES (“PROCEDURE”) FOR CALENDAR YEAR 20[ ] FOR REGION [ ]**

1. In the above-referenced calendar year we reviewed the trade associations to which Region employees and businesses have requested to belong or participate.
2. In the above-referenced calendar year we reviewed the individuals who have requested to be members of or participate in trade associations on behalf of the Region in accordance with Section 2B of the Procedure and confirmed that they have been trained in accordance with Section 2E of the Procedure.
3. In the above-referenced calendar year, the requested participation in trade associations by sales & marketing employees has been reviewed and approved by the Region and the General Counsel UTCFS in accordance with Section 2C of the procedure.
4. The Region has adopted a procedure and forms for attendance at trade shows in accordance with Section 2D of the Procedure and said procedure and forms have been communicated throughout the Region.
5. In the above-referenced calendar year, all matters of non-compliance that came to our attention and that are required to be reported to the General Counsel UTCFS under the Procedure, were so reported.

\_\_\_\_\_  
Regional President  
Date:

\_\_\_\_\_  
Regional Attorney  
Date:



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Exhibit 2 to Attachment 1

**CERTIFICATION REGARDING ANTITRUST COMPLIANCE  
Following Trade Association/Trade Show Attendance**

1. I am aware of and have fully complied with UTC Fire & Security Policy L-9 regarding Antitrust Compliance.
2. I have taken the required antitrust training courses as prescribed by the Regional Attorney to be able to attend the trade association meeting or trade show.
3. I understand that compliance with all antitrust laws is a condition of employment.
4. I have not participated in any communication or meeting with UTC Fire & Security's competitors except as approved in advance by the Regional President and Regional Attorney or otherwise in accordance with this policy. The date, purpose and name and position of each participant of any such meeting or communication is described below:

[Describe date and purpose and identify participants]

5. I have provided the minutes of the trade association meeting or a report of the meeting or trade show in accordance with this policy or as otherwise requested by the Regional Attorney.

This certification covers the meeting or trade show described above. I am not aware of any reason why the statements above would not be accurate.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name of Employee  
Title:

\_\_\_\_\_  
Date



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Attachment 2

Antitrust Compliance  
**DOs and DON'Ts**

It is the policy of UTC Fire & Security to comply with all applicable antitrust laws. Penalties for violation of law can be severe for UTC Fire & Security and its employees—including civil and criminal fines and jail sentences.

The **DOs and DON'Ts** (guidelines) are not a restatement of the law; rather they identify proper and improper conduct under UTC policies and guidelines. Any deviations from these guidelines require prior approval of the UTC Fire & Security Legal Department.

**DOs and DON'Ts**

**RELATIONSHIPS WITH COMPETITORS**

<u>DO</u>	<u>DON'T</u>
<b>Do</b> compete effectively and vigorously in the marketplace on the basis of the merits of UTC Fire & Security's products and services. <b>Do</b> make business decisions independently and without communicating in any way or consulting with competitors.	<b>Don't</b> discuss, communicate directly or indirectly with or agree (whether or not in writing) with competitors about prices, pricing or methods of calculating prices, timing or announcement of price changes, costs, supplier arrangements, terms and conditions of sale, decisions to bid or not to bid, customers, sales territories, product or service offerings, production capacity or volumes, sales volumes, or other competitors.
<b>Do</b> engage only in competitive conduct that is justified by sound business considerations that benefit UTC Fire & Security's present and potential customers and not by its effect on competitors.	<b>Don't</b> engage in practices that can be mischaracterized as anti-competitive, unreasonably exclusionary, predatory or intended or designed to drive out, exclude, or eliminate competitors or potential competitors from the market.



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Attachment 2 (continued) - Antitrust Compliance

**DOs and DON'Ts**

**RELATIONSHIPS WITH CUSTOMERS**

<u>DO</u>	<u>DON'T</u>
<b>Do</b> participate only in those trade and professional associations that perform useful, legitimate and pro-competitive functions. <b>Do</b> review association meeting agendas, minutes, policies, actions and correspondence carefully to ensure that only legitimate matters are being discussed and acted upon. <b>Do</b> review any concerns you may have with any association activities with the Legal Department immediately.	<b>Don't</b> participate in trade or professional associations where the purpose, intent or effect may be construed to limit competition. <b>Don't</b> engage in any discussions or direct or indirect communications or conduct that might lead to charges or allegations of an improper attempt to restrain trade.
<b>Do</b> object if a prohibited subject is raised at a trade and professional association meeting or elsewhere, the employee should immediately announce his/her intention to leave the meeting and then leave if the discussion continues and contact the Legal Department immediately.	<b>Don't</b> let others assume by your silence that you might agree with what is being discussed.
<b>Do</b> place primary sales emphasis on the merits of UTC Fire & Security's products and services and not on the negative aspects of competitive offerings. It is permissible to comment on a competitive offering only within the boundaries of objective facts and tests that can be fully demonstrated on the basis of publicly available information.	<b>Don't</b> solicit, provide, discuss, or exchange information with competitors or their agents, misappropriate trade secrets of another, or tamper with competitors' products.



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**DOs and DON'Ts**

**RELATIONSHIPS WITH CUSTOMERS**

<u>DO</u>	<u>DON'T</u>
<b>Do</b> select customers independently without communicating in any way or consulting with competitors or other customers.	<b>Don't</b> directly or indirectly discuss or communicate with competitors or other customers about whether or not to do business with any customer.
<b>Do</b> offer identical products to competing customers on a fair and equitable basis without discrimination in price or other terms of sale unless lawfully justified (e.g., where necessary to meet, but not beat, a competitor's price or where lower prices reflect demonstrable cost savings to UTC Fire & Security). <b>Do</b> consult with the Legal Department with regard to such legal justifications.	<b>Don't</b> provide different prices to different customers for the sale of identical equipment offered for the same project during the same time period without legal justification (e.g. where necessary to meet, but not beat, a competitor's price).
<b>Do</b> allow customers to independently choose from whom products and services are purchased.	<b>Don't</b> condition the sale of a product or service to a customer on that customer's purchase of another product or service. <b>Don't</b> limit the right of a distributor to resell its products and services.
	<b>Don't</b> disparage the products or services of a competitor, orally or in writing, or place undue emphasis on the failures of a competitive offering.



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**DOs and DON'Ts**

**RELATIONSHIPS WITH SUPPLIERS**

<u>DO</u>	<u>DON'T</u>
<b>Do</b> select suppliers independently without communicating in any way or consulting with other purchasers.	<b>Don't</b> communicate in any way or discuss with other purchasers the prices or other terms of purchased goods or services, or agree with others to not purchase from a supplier.
<b>Do</b> purchase goods and services on the basis of their merit without any agreement or implication that the supplier must purchase products or services from UTC Fire & Security or not sell to others. <b>Do</b> ensure that UTC Fire & Security's intellectual property rights are protected in agreements with suppliers.	<b>Don't</b> condition purchases from suppliers on their agreement to purchase other products or services from UTC Fire & Security.
<b>Do</b> obtain the best available lawful price and terms for all goods and services purchased.	<b>Don't</b> induce suppliers into selling goods or services to UTC Fire & Security at prices that are below or more favorable than those available to competing purchasers—except where justified by cost savings to the supplier.
	<b>Don't</b> share the proprietary information of one supplier with another supplier.



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**DOs and DON'Ts**

**SOCIAL NETWORKING**

<u>DO</u>	<u>DON'T</u>
<b>Do</b> abide by UTC Fire & Security Policy L-8 (Proprietary Information) and remember that, as a general rule, information regarding UTC Fire & Security should not be shared or posted on public sites -- basically anywhere outside of the UTC Fire & Security network.	<b>Don't</b> post any UTC Fire & Security materials or information on social networking or other Internet sites except in accordance with the procedures established in UTCFS Communications Policy 1 and UTC Corporate Policy Manual, Section 37 (Electronic Communications Media). <b>Don't</b> post any third party's information either.
<b>Do</b> always be vigilant about what you post on the Internet including social networking sites. You may not realize you are sharing competitive information about UTC Fire & Security, so think twice before you post.	<b>Don't</b> share competitively-sensitive information with any third parties without first receiving approval from the Legal Department.
<b>Do</b> be mindful that social networking may be viewed by law enforcement as a conduit for sharing or "signaling" information that violates antitrust laws.	<b>Don't</b> use social networking to make derogatory comments or anti-competitive suggestions such as asking others to engage in a boycott of a supplier, customer or competitor.



**UTC Fire & Security**

A United Technologies Company

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### Attachment 3 - Trade Associations

#### **DOs and DON'Ts**

These *DOs & DON'Ts*, prepared by the UTC Fire & Security (UTCFS) Legal Department, are intended to assist UTCFS officers and employees worldwide to comply with UTC policies and procedures, when participating in trade associations as representatives of UTCFS. Any deviation from these guidelines should be approved in advance by the UTCFS Legal Department. For the purposes of these *DOs & DON'Ts*, trade associations include chambers of commerce, building owners associations, industry associations, professional associations, safety codes and standards committees, and other associations and organizations in which UTCFS and its competitors participate.

Questions should be directed to your assigned lawyer at your UTCFS operating company, or an attorney at the UTCFS World Headquarter Office.



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Attachment 3 (continued) - Trade Associations

<u>DO</u>	<u>DON'T</u>
<p><b>DO</b> participate in trade associations connected with your business that perform useful, legitimate and pro-competitive functions if your participation has been approved in accordance with UTCFS Policy L-9.</p>	<p><b>DON'T</b> participate in any trade association without the prior approvals required under UTCFS Policy L-9.</p>
<p><b>DO</b> remember that UTCFS must make its own decisions on, and not discuss with competitors, offering and selling its products and services, at what prices and on what other terms and conditions.</p>	<p><b>DON'T</b> discuss or agree (in writing, orally, or through non-verbal actions) with competitors about:</p> <ul style="list-style-type: none"> <li>Customers, suppliers, or other competitors;</li> <li>Prices, pricing or methods of calculating prices, or the timing of price changes;</li> <li>Costs of products or services, margins or discounts;</li> <li>any terms and conditions of sale or purchase (e.g., credit terms, payment terms, promotion programs, discounts, service charges, delivery terms);</li> <li>decisions to quote or not to quote on products, components, spare parts, or services;</li> <li>sales territories;</li> <li>product or service offerings;</li> <li>sales volumes, production capacity or volume;</li> <li>market shares; and</li> <li>non-public investment decisions, research and development spending, or technology.</li> </ul>



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Attachment 3 (continued) - Trade Associations

<u>DO</u>	<u>DON'T</u>
<p><b>DO</b> participate in trade associations which have a written charter that clearly states the mission and purpose of the association.</p> <p><b>DO</b> review the association's charter with the UTCFS Legal Department.</p>	<p><b>DON'T</b> participate in a trade association without written charter that clearly states a legitimate (pro-competitive) mission and purpose for the association and prohibits any anti-competitive activities and discussions. <b>DON'T</b> participate in an association that does not carefully follow the legitimate purposes established in a written charter.</p>
<p><b>DO</b> participate in trade associations that focus on legitimate and proper subjects, such as discussing safety improvements, efforts to support pro-consumer government regulations, and code adoption and modifications.</p>	<p><b>DON'T</b> have any formal or informal communication, whether during or after business hours, with any competitor about the prohibited subjects outlined above.</p>
<p><b>DO</b> be certain at all times that any meetings or discussions focus only on pro-competitive activities, such as improving safety, the adoption of codes, changes to existing codes, and adopting national or local laws which have pro-consumer impact (e.g., tort reform).</p>	<p><b>DON'T</b> participate in trade associations or any other meeting with competitors where the purpose, intent or effect is anti-consumer or to limit competition.</p>
<p><b>DO</b> obtain an agenda before each trade association or committee meeting and <b>DO</b> attend only if the agenda items cover proper subjects for discussion among competitors.</p>	



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Attachment 3 (continued) - Trade Associations

<u>DO</u>	<u>DON'T</u>
<b>DO</b> object immediately if a prohibited subject is raised at trade association meetings or elsewhere and, if the prohibited conduct continues, <b>DO</b> state your reasons for leaving emphatically, <b>DO</b> take some action which others will remember (e.g., spill your coffee, knock over your chair), <b>DO</b> depart immediately, and <b>DO</b> contact your UTCFS lawyer promptly.	<b>DON'T</b> participate in a conversation or communication with any competitor if that competitor starts to discuss any of the topics prohibited above. <b>DON'T</b> let others infer or assume your assent or agreement to any anti-competitive statements from your conduct or by your silence.
<b>DO</b> obtain information within the trade association only when such information promotes the legitimate purposes of the association as noted above.	<b>DON'T</b> provide any information within the trade association on a prohibited subject (outlined above). <b>DON'T</b> provide any marketing information without prior review and approval by your UTCFS lawyer.
<b>DO</b> recommend that the association provide training once a year to its members on the limitations of competitive discussions and activities. <b>DO</b> request the trade association to issue antitrust compliance guidelines.	<b>DON'T</b> participate in any trade association that does not provide antitrust compliance guidelines unless your UTCFS lawyer has reviewed your participation.
<b>DO</b> participate in standard and code setting activities that are relevant to UTCFS' products and/or services if your participation has been approved in accordance with UTCFS Policy L-9. <b>DO</b> ensure that you understand UTCFS' relevant patent position prior to participating. <b>DO</b> ensure that you understand the patent disclosure and licensing policies that the standard setting organization may have.	<b>DON'T</b> disclose any UTCFS intellectual property without first discussing the nature of the proposed disclosure with a UTCFS intellectual property lawyer. <b>DON'T</b> withhold information regarding UTCFS' patent portfolio if required by the standard setting organization and if the disclosure was approved by the UTCFS Legal IP team.