

Otis Policy

Subject: Antitrust Compliance **Issue Date:** November 1, 1995
Policy Number: L-1 **Revision Date:** August 25, 2004
Approved by: /s/Johan O. Bill **Supersedes:** November 1, 1995

[Summary](#) | [Applicability](#) | [Background](#) | [Policy](#) | [Interpretation](#)
[Responsibility](#)
[Procedures](#) | [References](#) | [Review](#)

Summary.

Otis Elevator Company will strictly comply with all antitrust laws, and will periodically conduct antitrust educational programs as well as antitrust compliance reviews to ensure that its officers and employees whose duties are likely to bring them into contact with competitors or involve pricing, pricing policies, terms of sale or other marketing responsibilities conduct Otis' business in a lawful manner.

Applicability

This Policy applies to Otis Elevator Company and all of its subsidiaries, affiliates, divisions, and other business entities worldwide. This Policy shall be communicated by each Operations HQ to all of its operating companies within a maximum of one month after issuance.

Background

Non Applicable.

Policy

Otis will strictly comply with all antitrust laws, and will periodically conduct antitrust educational programs as well as antitrust compliance reviews to ensure that its officers and employees whose duties are likely to bring them into contact with competitors or involve pricing, pricing policies, terms of sale or other marketing responsibilities conduct Otis' business in a lawful manner.

Those entities of Otis doing business outside the United States are

expected to comply with all applicable local antitrust laws as well as with the antitrust laws of the United States as they apply to business outside the United States. It is imperative that everyone understand that even though activities may take place outside of the United States, they may nevertheless be subject to the antitrust laws of the United States.

In order to comply with antitrust laws, the following apply:

1. It is strictly forbidden to have any agreement, discussion or communication (including informal or "unofficial" communications) with any competitor or potential competitor concerning the past, present or future marketing of any product or service of Otis or its subsidiaries. This includes such matters as price, production level, terms and conditions, territory where the entity sells, and customers to whom the entity sells.
2. Otis makes its own unilateral decisions relating to offering and selling its products and services. It is, of course, proper to consider the prices and terms of competitors before deciding upon our own; however, such information should be obtained only through normal market channels such as customers and publicly available market data, not by communicating directly or indirectly with competitors. The importance of antitrust compliance cannot be over-emphasized. Compliance with the antitrust laws is a condition of employment.

Furthermore, violations of antitrust laws can result in large fines and jail sentences. In addition, private parties can sue, and damage awards can be massive, as can legal fees incurred to defend the suits. Violations can also result in injunctions or cease and desist orders, and in the loss of important contract, patent and license rights.

3. Products or services are not to be purchased from a supplier on the understanding that the purchases are conditioned in any way upon direct or indirect sales by Otis to the supplier.
4. It is important to ensure that proper and lawful activities are not given the appearance of antitrust violations. Many companies have found themselves in antitrust difficulty because of a poor choice of words used to describe perfectly legitimate transactions or because a transaction was poorly structured and invited antitrust scrutiny. The failure to give adequate consideration to the antitrust aspects of a proposed undertaking (including documentation relating thereto) has often resulted in costly and embarrassing investigations or lawsuits that could have been avoided.

5. The following contacts with competitors of Otis by Otis employees are permissible provided that the employees avoid any improper discussions with competitors:
 - a. Subject to the Trade Association Rules and the Certification Regarding Antitrust Compliance, attendance at regularly scheduled meetings of trade and professional associations where agendas have been published by the association (technical conferences do not constitute trade or professional associations);
 - b. communications relating to the purchase and sale of parts and service in the ordinary course of business; however, under no circumstances are any future unannounced or nonpublic price changes to be discussed;
 - c. communications expressly approved in advance by both (i) the Otis President or an Area President, and (ii) the assigned Area Legal Counsel or the Otis Vice President, General Counsel & Secretary; and
 - d. communications between attorneys representing Otis and its competitors.

All other communications and meetings, including "courtesy" tours of manufacturing and research facilities, with competitors by Otis employees on any subject are to be avoided.

Any communication or meeting which does occur without prior authorization in accordance with this Policy should be reported promptly to the Otis Law Department.

Interpretation Responsibility

The Otis Vice President, General Counsel & Secretary is responsible for interpretation of this Policy.

Procedures

The Otis Law Department will from time to time issue antitrust compliance guidelines and conduct antitrust educational programs, and is available to assist Otis employees with their compliance responsibilities. Any questions should be referred to the Otis Law Department.

References.

UTC Corporate Policies Manual Section 3

UTC Policy Clarification Circular on Conflicts of
Interest: Gathering Competitive Information
Dos and Don'ts
Trade Association Rules
Certification Regarding Antitrust Compliance

Review

This Policy should be reviewed at two-year intervals following its issuance.

TRADE ASSOCIATION RULES

Otis participation in any Trade Association must comply with the following rules:

1. A written agenda must be provided by the Trade Association in advance of any meeting and accurate written minutes of the meeting must be provided to the Otis representative as soon as possible after the meeting. The Area Legal Director shall ensure proper legal review of all meeting minutes, except with respect to meetings solely relating to safety or code issues. The Otis employee attending the meeting should not participate in any formal or informal meeting of any sub-group or sub-committee that does not have a written agenda in advance and written minutes following the meeting.
2. Only Otis employees in charge of safety or code compliance shall participate on a regular basis.
3. Any participation by any other Otis employee requires prior approval from Area President and Area Legal Director.
4. No country General Manager, New Equipment Sales Manager, Service Manager or any other employee responsible for sales or marketing may participate in any Trade Association meeting without prior approval from Area President and Area Legal Director. Such participation will be allowed only if a lawyer is present at the meeting.
5. As described in the Trade Association DOs & DON'Ts, if at any point during the meeting any issue that may affect competition is discussed, the employee from Otis attending the meeting should immediately announce his/her intention to leave the meeting, and then leave the meeting and refrain from participating in any future meeting of that Trade Association. A report of any such incident should be made immediately to the Area Legal Director.

Trade Associations
DOs & DON'Ts

These DOs & DON'Ts, prepared by the Otis Law Department, are intended to assist Otis officers and employees worldwide to comply with Otis Policy L-1, Antitrust Compliance, when participating in trade associations as representatives of Otis. Any deviation from these guidelines should be approved in advance by the Otis Law Department. For the purposes of these DOs & DON'Ts, trade associations include chambers of commerce, building owners associations, industry associations, professional associations, elevator safety codes and standards committees, and other associations and organizations in which Otis and its competitors participate.

Questions should be directed to your assigned lawyer at your Otis operating company, Area HQ, or WHQ.

DO	DON'T
DO participate in trade associations connected with the elevator business that perform useful, legitimate and pro-competitive functions if your participation has been approved in advance by your Otis company's managing director or equivalent.	DON'T participate in any trade association without the prior approval of your operating company's managing director or equivalent.
DO remember that Otis 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.	DON'T discuss or agree (in writing, orally, or through non-verbal actions) with competitors about: Customers, suppliers, or other competitors; Prices, pricing or methods of

	<p>calculating prices, or the timing of price changes;</p> <p>Costs of products or services, margins or discounts;</p> <p>any terms and conditions of sale or purchase (e.g., credit terms, payment terms, promotion programs, discounts, service charges, delivery terms);</p> <p>decisions to quote or not to quote on products, components, spare parts, or services;</p> <p>sales territories;</p> <p>product or service offerings;</p> <p>sales volumes, production capacity or volume;</p> <p>market shares; and</p> <p>non-public investment decisions, research and development spending, or technology.</p>
<p>DO participate in trade associations which have a written charter that clearly states the mission and purpose of the association. DO review the association's charter with the Otis Law Department.</p>	<p>DON'T 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. DON'T participate in an association that does not carefully follow the legitimate purposes established in a written charter.</p>
<p>DO participate in trade associations that focus on legitimate and proper subjects, such as discussing safety</p>	<p>DON'T have any formal or informal communication, whether during or after business hours, with any competitor about the prohibited</p>

<p>improvements, efforts to support pro-consumer government regulations, and code adoption and modifications.</p>	<p>subjects outlined above.</p>
<p>DO be certain at all times that any meetings or discussions focus only on pro-competitive activities, such as improving elevator and escalator safety, the adoption of elevator and escalator codes, changes to existing codes to account for product modernization, and adopting national or local laws which have pro-consumer impact (e.g., tort reform).</p>	<p>DON'T 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>DO obtain an agenda before each trade association or committee meeting and DO attend only if the agenda items cover proper subjects for discussion among competitors.</p>	
<p>DO object immediately if a prohibited subject is raised at trade association meetings or elsewhere and, if the prohibited conduct continues, DO state your reasons for leaving emphatically, DO take some action which others will remember (e.g., spill your coffee, knock over your chair), DO depart immediately, and DO contact your Otis lawyer promptly.</p>	<p>DON'T participate in a conversation or communication with any competitor if that competitor starts to discuss any of the topics prohibited above. DON'T let others infer or assume your assent or agreement to any anti-competitive statements from your conduct or by your silence.</p>
<p>DO obtain information within the trade association only when such information promotes the legitimate purposes of the association as noted above.</p>	<p>DON'T provide any information within the trade association on a prohibited subject (outlined above). DON'T provide any marketing information without prior review and approval by your Otis lawyer.</p>

<p>DO recommend that the association provide training once a year to its members on the limitations of competitive discussions and activities. DO request the trade association to issue antitrust compliance guidelines.</p>	<p>DON'T participate in any trade association that does not provide antitrust compliance guidelines unless your Otis lawyer has reviewed your participation.</p>
<p>DO send copies of agendas, minutes of meetings, and trade association correspondence to the Otis Law Department.</p>	
<p>DO make notes at each meeting for yourself and DO make the notes available to the Otis Law Department for future reference.</p>	
<p>DO apply these same principles to discussions with competitors outside formal association meetings or activities, and discussions with third parties (e.g., consultants).</p>	<p>DON'T indirectly use third parties, including consultants and suppliers, to convey information to a competitor, which would be improper if said directly to the competitor.</p>

CERTIFICATION REGARDING ANTITRUST COMPLIANCE

1. We are aware of, and have fully complied with, Otis Policy L-1 regarding Antitrust Compliance.
2. We understand that compliance with antitrust laws is a condition of employment.
3. We have not participated in any Trade Association meeting or other meeting with Otis' competitors except as approved in advance by our Area President and Area Legal Director. The date, purpose and name and position of each participant of any such meeting is described below.

[Describe date and purpose of any meeting with competitors]

This certification covers the period of the [X] Quarter of 200[4].

[Name]
[Title: General Manager]

[Name]
[Title: New Equipment Sales Manager]

[Name]
[Title: Service Manager]

We are not aware of any reason why the statements above would not be accurate.

[Name]
[Title: Country CFO]

[Name]
[Title: Country BPO]

[Certifications to be sent to Area President and Area Legal Director within 10 days of the end of each Quarter]