

HR POLICY ASSOCIATION ANTITRUST COMPLIANCE POLICY

Section 1. Policy Statement

It is the policy of the HR Policy Association (“HR Policy”) to comply strictly with the letter and spirit of all applicable federal and state antitrust laws. Any activities of HR Policy or HR Policy-related actions of its staff, officers, board members, committee chairs, committee members, members or member representatives that violate these regulations and laws can be detrimental to the interests of HR Policy and are contrary to Association policy.

The antitrust laws are the rules under which our competitive economic system operates. Their primary purpose is to preserve and promote free competition.

Association meetings, workshops and other activities by their very nature often bring competitors or representatives of competitors together. Accordingly, it is necessary to avoid discussions of sensitive competitive topics and especially important to avoid recommendations with respect to such subjects. Agreements to fix prices or compensation, to allocate markets, to engage in product boycotts and to refuse to deal with third parties are illegal under the antitrust laws. It doesn't matter what the reason for the agreement might be.

An antitrust violation does not require proof of a formal agreement. A discussion of a sensitive topic among competitors, such as prices or compensation, followed by parallel action by those involved in or present at the discussion is enough to show a price fixing conspiracy. As a result, those attending an association-sponsored meeting must remember the importance of avoiding not only unlawful agreements, but also discussion of matters among competitors that could lead to unlawful activity.

As a practical matter, violations of these rules can have serious consequences for HR Policy, as well as for the member representatives and the member companies. The Sherman Antitrust Act is both a civil and criminal statute. Violations are felonies punishable by penalties of up to \$100 million for corporations and by imprisonment of up to 10 years or penalties of up to \$1 million, or both, for individuals. These penalties may be increased to twice the gain derived from the crime by the defendant or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum penalty. The Justice Department, state attorneys general, and any person or company injured by a violation of the antitrust laws may bring civil actions for three times the amount of the damages, plus attorneys' fees and injunctive relief.

Antitrust investigations and litigation are lengthy, complex, disruptive and expensive. Therefore, all members and member representatives must not only comply with the antitrust laws in fact, but must conduct themselves in a manner that avoids even the slightest suspicion that the law is being violated. Associations, because they bring competitors together, are natural targets, along with members alleged to have participated with or through the association.

Section 2. Implementation

Implementation of this antitrust compliance policy shall include, but shall not be limited to, the following:

- A. A copy of this policy shall be available for review on the members-only websites.
- B. At any HR Policy meeting or in any HR Policy-related document, statements or discussions about prices, including elements of prices such as allowances and credit terms, quality ratings of suppliers, statements or discussion that might be interpreted as a dividing up of territories or customers, and statements or discussions which may cause a competitor to cease purchasing from a particular supplier, or selling to a particular customer, must be avoided. Following is a list of subjects which may not be the subject of any type of agreement among competitors, whether explicit or implicit, formal or informal, and which therefore should not even be discussed at HR Policy meetings:
 1. Prices to be charged
 2. Compensation to be paid employees (but not compensation policy, regulation or best practices for compliance)
 2. Specific methods by which prices or compensation are to be determined (with the exception of best practices on compensation structures e.g., executive compensation or incentive compensation for rank and file employees)
 3. Division or allocation of markets or customers
 4. Coordination of bids or requests for bids
 5. Terms and conditions of sales, including credit or discount terms
 6. Specific profit levels
 7. "Profit" levels. e.g., "here's what we need to make money"
 8. Exchange of price information as to specific customers
 9. A boycott of or a refusal to deal with a customer or supplier
 10. Compilation of "approved" lists of customers or suppliers
 11. Whether a firm's pricing practices are "unethical," "improper," etc.
 12. Coordination of "bids" or "requests for bids" or "requests for proposals"
 13. Standards or codes to eliminate competition
- C. HR Policy membership, Board of Directors, Executive Committee, other committee, and membership meetings shall be conducted pursuant to agendas distributed in advance to attendees; discussions shall be limited to agenda items; minutes of Board and official membership meetings shall be reviewed by legal counsel and distributed to Board members promptly.
- D. HR Policy members, member representatives or employees who participate in conduct that is contrary to this antitrust compliance policy shall be subject to disciplinary measures up to, and including, termination of membership on the board, committee, or the association itself, or, in the case of employees, employment.