



ANTITRUST POLICY

National Roofing Contractors Association

In order to minimize the possibility of antitrust problems, the National Roofing Contractors Association ("NRCA") requires its officers, directors, employees, volunteers, and members of all of its councils, committees, working groups, task forces and participants in its roundtables, panels and other meetings and discussions (collectively, "NRCA Participants") to abide by the terms of this antitrust policy ("NRCA Antitrust Policy").

1. NRCA Participants are not authorized to speak or act on behalf of NRCA unless specifically granted such authorization by NRCA in writing.
2. NRCA is the only party authorized to issue statements or adopt positions (public or otherwise) on behalf of NRCA. Responses to questions or complaints from the public or from private parties must be handled in accordance with NRCA's policies.
3. NRCA Participants are not authorized to use NRCA letterhead or NRCA's name or logo without the prior written consent of the NRCA's Board of Directors, or its designee(s).
4. Agendas for all NRCA meetings, including, without limitation, council, committee, working group, task force, roundtable, panel and other meetings (collectively, "committees"), shall be prepared in advance, with prior review by an appropriate NRCA staff member, and followed at the meeting. Topics not included on the agenda shall not be discussed.
5. Only meetings scheduled by NRCA shall be considered NRCA meetings. NRCA Participants shall not participate in "rump" sessions (*e.g.*, private group meetings, impromptu or informal group gatherings) outside of regularly scheduled meetings to discuss items not on the agenda. No NRCA meeting may be held unless a member of the NRCA professional staff participates in person or by conference call.
6. A secretary shall be appointed to take minutes of all meetings. Minutes shall be submitted to the NRCA office and reviewed by an appropriate NRCA employee prior to distribution. Upon approval, such minutes shall become the "official minutes" retained by NRCA. NRCA Participants should not keep their own minutes.
7. Committees can act only within the scope of their authority. Recommendations shall be made to NRCA for other actions to be taken. All committee correspondence must be sent out through the NRCA office.
8. All NRCA Participants shall adhere to the NRCA Antitrust Guidelines, a copy which are attached hereto as Exhibit A.
9. A copy of the NRCA Antitrust Policy (and attached NRCA Antitrust Guidelines) shall be made available to all NRCA Participants, and the need to comply with its terms shall be communicated regularly.

EXHIBIT A

ANTITRUST GUIDELINES **National Roofing Contractors Association**

Industry organizations and associations, although well recognized as valuable tools of American society, are subject to strict scrutiny by both federal and state governments. While such scrutiny should not prevent participation in, and support for, an industry association, members should be aware of, and comply with, certain relevant legal principles. Compliance with these laws does not prevent NRCA Participants (as defined in the NRCA Antitrust Policy) from lawfully engaging in a wide variety of group activities, as long as the purpose or intended effect of the activities is not to promote anticompetitive activities or to act in restraint of trade or commerce.

The single most significant law affecting organizations like NRCA is the Sherman Antitrust Act, which makes unlawful every contract, combination or conspiracy in restraint of trade or commerce. The Federal Trade Commission Act, the Clayton Antitrust Act and the Robinson-Patman Act also are applicable to societies, for they also forbid anticompetitive activities. Furthermore, virtually every state has enacted antitrust laws similar to the Sherman Act.

Between the state and federal laws, there is no organization too small or too localized to escape the possibility of a civil or criminal antitrust suit. It is thus imperative that every NRCA Participant refrain from indulging in any activity which may be the basis for a federal or state antitrust action.

There are four main areas of antitrust concern: price fixing, membership, self-regulation, and standardization and certification. The area of greatest concern historically has been price fixing. The government may infer a violation of the Sherman Act by the mere fact that all or most of the participants in an industry organization or association are doing the same thing with respect to prices or other terms and conditions of trade. It is not required that there be an actual agreement, written or unwritten, to set prices. Rather, price fixing is a very broad term which includes any concerted effort or action which has an effect on prices, terms or conditions of trade, or on competition. Moreover, such concerted actions (affecting prices) cannot be justified by showing that they will benefit customers, or that the prices set are otherwise reasonable.

Accordingly, NRCA Participants should refrain from any discussion which may provide the basis for an inference that NRCA Participants agreed to take any action relating to prices, services, production, allocation of markets or any other matter having a market effect. These discussions should be avoided both at formal meetings and informal gatherings. In fact, informal gatherings of NRCA Participants would be looked upon with suspicion by the government.

The following topics are some examples of the subjects which should not be discussed at regular meetings or at so-called "rump sessions:"

1. Do not discuss current or future prices (be very careful of discussions of past prices).
2. Do not discuss what a fair profit level is or should be.
3. Do not discuss standardizing or stabilizing prices or pricing procedures.
4. Do not discuss cash discounts or credit terms.
5. Do not discuss controlling sales or production or allocating markets or customers. (This applies to services as well as products.)
6. Do not complain to a competitor that his or her prices constitute unfair trade practices and do not refuse to deal with a company or individual because of pricing or distribution practices.
7. Do not discuss anticipated wage rates.

Inasmuch as an industry organization's antitrust violations can subject all participants to criminal and civil liability, NRCA Participants should be aware of the legal risks in regard to participation policies and industry self-regulation. Because participating in an organization can be of substantial benefit, participants must ensure that they do not in any way restrict or prejudice competitors from participating or illegally discriminate against non-participants. Participation policies should avoid:

1. Restrictions on dealing with non-participants.
2. Excluding from participation any qualified participant.
3. Limitations on access to information created by the organization.

There is a substantial risk that standardization programs will be used to restrict competition or discriminate against certain competitors. Thus, the following guidelines should be followed:

1. NRCA Participants or committees may agree to a product, safety or other standard. In some cases, NRCA may participate in standard setting activities of government regulatory bodies and private voluntary standard-setting organizations by providing comments and suggestions.
2. When standardization activities are under consideration, the discussion must be confined to technical, engineering, safety, and regulatory factors. Competitive and marketplace issues are not proper factors to be considered. NRCA legal counsel should be consulted before participation in standard-setting activities and should be present for at least initial discussions regarding NRCA's role in such activities.

An organization may be held strictly liable for the illegal conduct of its participants and agents acting under its name even if the organization has not authorized the activity. Thus, NRCA must ensure that the NRCA Participants and NRCA's agents are not using NRCA's legitimate activities for anticompetitive purposes.

The penalties for violating federal and state antitrust laws are severe. The Sherman Act is a criminal conspiracy statute. Therefore, active participants, as well as individuals who silently acquiesce in illegal activity, can be held criminally responsible. Each individual and each corporation which is found guilty of a criminal violation of the Sherman Act may be faced with substantial fines. Individuals and corporate officers may be imprisoned for up to ten years.

The greater likelihood of occurrence, and possibly the more severe penalty, may be civil suits brought by competitors or even consumers. Civil antitrust actions result in treble damage awards.

The government's attitude towards industry organizations requires such organizations and their participants to at all times conduct their business openly and avoid any semblance of activity which might lead to the belief that participants had agreed, even informally, to something that could have an effect on prices or competition. Strict compliance with the antitrust laws by NRCA Participants is critical.

Meeting Do's & Don'ts

National Roofing Contractors Association

Active participation in National Roofing Contractors Association ("NRCA") meetings, including, without limitation, council, committee, working group, task force, roundtable, panel and other meetings (collectively, "committees") adds to the vitality and energy to the organization and its mission.

While the positive contributions of industry associations are well recognized and encouraged by government, such activities also are subject to close scrutiny under both federal and state antitrust laws. The single most significant law affecting societies and other associations is the Sherman Antitrust Act, which makes unlawful every contract, combination or conspiracy in restraint of trade. Because NRCA committee meetings are, by nature, a group of competitors joined together for a common business purpose, they satisfy what would ordinarily be a difficult element in proving an antitrust violation.

Historically, the most significant area of antitrust concern for groups such as the NRCA has been price fixing. Price fixing is a very broad term which includes any concerted effort or action that has an effect on prices, terms or conditions of trade, or on competitors. Accordingly, NRCA's officers, directors, employees, volunteers, and members of its councils, committees, working groups, task forces and participants in its roundtables, panels and other meetings and discussions (collectively, "NRCA Participants") should refrain from any discussion which may provide the basis for an inference that they agreed to take any action relating to prices, services, production, allocation of markets or any other matter having a market effect. These discussions should be avoided both at formal meetings and informal gatherings. In addition, NRCA Participants should be sensitive to other matters that may raise particular antitrust concern: participant restrictions, codes of ethics or other forms of self-regulation, product standardization or professional certification. The following are guidelines participants should follow at all NRCA committee meetings and related informal gatherings:

- **DON'T** discuss your own or competitors' prices or fees for service, or anything that might affect prices or fees, such as costs, discounts, or profit margins.
- **DON'T** stay at a meeting where any such price talk occurs.
- **DON'T** make public announcements or statements about your own prices or fees, or those of competitors, at any NRCA committee meeting.
- **DON'T** talk about what individual organizations or others plan to do in particular geographic or product markets or with particular customers.
- **DON'T** speak or act on behalf of NRCA or any of its committees unless specifically authorized to do so.
- **DO** alert NRCA staff or legal counsel to any sensitive issues in proposed statements to be made by NRCA on behalf of a committee.
- **DO** consult with your own legal counsel or NRCA before raising any matter or making any statement that you think may involve competitively sensitive information.
- **DO** be alert to improper activities, and don't participate if you think something is improper.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. Bear in mind that the antitrust laws are stated in general terms, and that these guidelines only provide an overview of prohibited actions. If you have specific questions, seek guidance from your own legal counsel or from NRCA's professional staff or legal counsel.