

ANTITRUST AND INTERIM MEETING GUIDELINES

General Comments

The Hydraulic Institute is a trade association of pump manufacturers and suppliers in North America. As an industry organization the Hydraulic Institute serves a legitimate and useful purpose, and may legally engage in a wide variety of activities which serve the industry — so long as they do not violate antitrust laws. Antitrust considerations require that Institute activities be structured so as to promote competition and the Institute must refrain from any activity that might be construed as unlawfully limiting competition among its members or with nonmembers of the Institute.

There are activities which the Institute can and should undertake which might later become illegal if they transform into devices for violating the antitrust laws. Because of the difficulty of determining what activities might become violations of antitrust, the following guidelines are presented so that no member of the Institute Staff, representative of an Institute member, or Institute committee member will knowingly or willfully further any questionable activity under the umbrella of the Institute.

Representatives of members of the Institute and committee members should know enough about antitrust laws to be able to avoid doing or discussing things in their work for or with the Institute that might raise questions. Representatives of Institute members, whether they be voting or non-voting, are urged to avoid not only actual violations of the law, but also any appearance of violation that might invite suspicion or investigation on the part of the enforcement authorities. A reasonable amount of common sense and good judgment must be used by those who serve the Institute, so that no risk will be created of violations of law. To protect the Institute, its members and non-members who participate in Institute activities, the Institute has adopted and observes several basic policies:

1. The Institute has well-defined, constructive objectives and activities as set forth in its Constitution and By-Laws. Institute programs and activities are designed to promote the over-all interests of the industry and the public.
2. Any activities concerned with pricing or unlawful marketing practices are scrupulously avoided.
3. The Institute maintains various procedural safeguards relating to its programs for promulgation of standards, its dissemination of industry statistics and the operations of all Sections and committees, among others.
4. The Institute retains a General Counsel to assist the Institute staff to ensure full observance of all Institute policies and to provide guidance and protective advice as to all Institute operations from an antitrust standpoint.

Antitrust Laws in General

Antitrust laws are not intended to inhibit legitimate business activity. Their objective is to help preserve a free economy by encouraging competition in the marketplace. They outlaw artificial restraints on competition. The laws are maintained because certain unlawful business practices can threaten to distort the marketplace. Most experts believe that if these laws should fail to do their main job, they might be replaced by a much more inflexible system of government regulation and controls over business.

Antitrust suits fall into several categories:

1. Those aimed at prohibiting conspiracies, such as those to fix prices, that are subject to criminal actions. They prohibit contracts, combinations or conspiracies in restraint of trade or commerce. They include agreements of all kinds, whether written or oral, formal or informal, which restrain competition.

Some of these restraints are deemed unreasonable per se, including those which have the purpose or effect of fixing prices, limiting production, allocating markets, or boycotting third parties.

2. Those aimed at prohibiting “monopolization” of any part of trade or commerce. Their main thrust is to prevent a single company from acquiring or holding sufficient power to control prices or to foreclose access to the market.
3. Those aimed at prohibiting “unfair methods of competition” and “unfair or deceptive acts or practices” in commerce. This includes various forms of “unfair” business conduct such as false advertising.
4. Specific forms of business restraints such as exclusive dealing and “tie-in” sales, acquisitions and mergers and interlocking directorships.
5. Those aimed at prohibiting discriminations in prices or services which have anticompetitive effects.

ACTIVITIES TO BE AVOIDED

To avoid possible problems, the following “don’ts” should be kept in mind by all Institute Staff, representatives of Institute members, and committee members when meeting for Institute activities:

1. **DON’T** agree with your competitors or anyone else:
 - a. to fix the prices of products or their conditions of sale;
 - b. to limit your production, fix production quotas, or otherwise limit the supply of any product reaching the market;
 - c. to divide up any market, either geographically or by class of customer; or
 - d. to blacklist or boycott customers, competitors or suppliers.
2. **DON’T** discuss or exchange information with your competitors on any subject relating to the “per se” restraints mentioned above. For example, don’t have formal or informal discussions on the following:
 - a. individual company prices, price changes, terms of sales, etc.;
 - b. industry pricing policies, price levels, price changes, etc.;

- c. price differentials, price mark-ups, discounts, allowances, credit terms;
 - d. costs of production or distribution, cost accounting formulas, methods of computing costs;
 - e. individual company figures on costs, production, inventories, sales, etc.;
 - f. information as to future plans of individual companies concerning the design, production, distribution or marketing of particular products including proposed territories or customers; or
 - g. matters relating to individual suppliers or customers, particularly in respect to any action that might have the effect of excluding them from a market.
3. DON'T meet in “rump” sessions to discuss matters relating to any of the above. If such a discussion starts, leave the room and ask that it be noted in the minutes of the meeting that you objected to the discussion and left the meeting for that reason.

The above comments are intended as guidelines and not as rules. Every individual must use his or her own judgment in activities relating to the Institute. If ever there is doubt in your mind regarding the legality of an activity or discussion — if there is a question in your mind that you might be violating the antitrust laws — discuss the matter with your corporate legal counsel or with the Institute’s staff and legal counsel before proceeding.

Interim Meeting Guidelines

Purpose: In the interest of expediting standards writing activity as well as other matters, it will be necessary from time to time for small groups to hold interim meetings. Interim meetings are those that are held between regularly scheduled meetings of the Institute and will generally be held for a specific purpose with an agenda limited in scope.

Scope: All interim Hydraulic Institute meetings held in-person.

Authorization: It is the policy of the Institute that all such interim meetings shall be held consistent with the following guidelines:

Guidelines:

1. Interim meetings shall be scheduled so as to provide at least 30 days advance notice to all interested/concerned members.
2. All such meetings shall be scheduled and planned with the knowledge, participation and approval of the HI Director of Technical Affairs or in his absence, the Executive Director. A Request for Interim Meeting form shall be prepared by the staff member responsible for the committee that would like to meet and provided to the Director of Technical Affairs or in his absence, to the Executive Director.
3. Consistent with HI Antitrust Law Guidelines “Institute staff or their impartial designated representative shall attend all interim meetings to record minutes and help to administer the Institute Antitrust Law Guidelines.” (a)
4. HI staff shall send notice of such a meeting to all interested/concerned members by regular mail or other electronic means.
5. An agenda shall be prepared and distributed in advance, reviewed and approved by the Committee Chair and/or Vice Chair.
6. In order to reduce costs, HI member companies may sponsor interim meetings at a company location subject to the following logistics considerations:
 - a. If host member company wishes to provide breakfast, lunch or dinner it is solely at their discretion as the meeting host; or
 - b. Each member will otherwise provide for their own meals, especially dinners; or
 - c. Upon request, HI will reimburse the host member company for costs associated with providing breakfast and lunch up to a maximum of \$30 per day per attendee.
7. If a member company site is unavailable, HI interim meetings may be held at an alternate location such as a hotel and/or conference center meeting space in a convenient location for committee members with meeting room fees (if any) paid by HI. The hotel will be negotiated and contracted through HI along with associated meeting logistics.

8. Other options for interim meetings may be teleconference calls and on-line meetings, with scheduling requests to be coordinated through Hydraulic Institute staff per clause 2 above. Teleconferences are particularly appropriate for administrative and reporting meetings to relieve the burden of requiring such meetings at the three regularly scheduled HI meetings.
9. If a member company does not have an LCD projector available for use, HI may send one of its LCD projectors to the meeting with a member of the HI staff.
10. Individuals participating in interim meetings will be responsible for their own hotel and travel costs.
11. Minutes of such meetings shall be prepared by Institute staff, or their impartial designated representative, and shall be approved by the Committee Chairman and/or Vice Chairman and HI legal counsel before release. All minutes shall be reviewed and approved by the committee at their next meeting at which a quorum is present.

Note:

- (a) “Impartial designated representatives” is an individual appointed by HI staff, not associated with a member or associate member company, who shall serve as a neutral and unbiased third party. Such individuals must be familiar with HI antitrust policy and be prepared to administer compliance during the interim meetings.



REQUEST FOR INTERIM MEETING

Complete and return to HI Technical Director at least 30 days in advance of interim meeting.

Name of Committee: _____

Requested by: Name: _____

Company: _____ Phone: _____

Purpose of Meeting: _____

Proposed Schedule Dates: _____ Times: _____

Host Company: _____

Contact: _____

Alternate Location: _____

Estimated Attendance Number: _____

Members Attending: (Define committee and/or list names below or attach list.)

Name: _____
Organization: _____

Will host member company host any meal functions Yes No

If yes, what meals will you host? Breakfast Lunch Dinner

What assistance will you need with scheduling this meeting? _____

Do you need: LCD projector Flip chart

Designated HI staff member or impartial representative: _____

Proposed Nearby Hotel: _____

Corporate Rate: _____

Phone: _____