

# **Electronic Security Association, Inc. Code of Ethics and Standards of Conduct**

Amended June 23, 2014 by the Board of Directors

Members of the Electronic Security Association (“ESA”) are committed to serving the public with high quality products and services that help protect lives and property through the detection and notification of certain events. The ESA Code of Ethics and Standards of Conduct (collectively the “Code”) is intended to assist ESA members and their employees in providing these products and services to the public in a highly ethical manner.

This Code is intended to provide guidance for ESA members in the ethical conduct of business. ESA expects its Members to meet or exceed the guidelines set forth in this Code. Members are encouraged to implement policies and procedures that provide the highest standards of quality and consumer protections. In addition, if there is a conflict between this Code and any state, federal, and/or local rule or regulation, the controlling rule or regulation supersedes this Code. Members should interpret this Code as broadly as possible to protect all impacted groups to the greatest extent possible.

This Code is binding on all members of the ESA. Failure to comply with this Code may result in disciplinary action, including but not limited to termination of ESA membership. Members are required to respond truthfully and accurately to all inquiries made by ESA during an investigation into a potential violation of this Code.

## **Code of Ethics**

In providing products and services for consumers, conduct of the ESA member impacts (1) potential and existing customers; (2) public emergency response agencies; (3) their employees and other paid Representative (as defined herein); and (4) the general public. Members are required to comply with all applicable federal, state, and local laws and regulations, including licensing requirements. In addition, ESA members will take all appropriate steps to adhere to the following principles as they apply to each of these impacted groups.

### **Potential and Existing Customers**

Members acknowledge that their customers' safety and security is their reason for being in business. Members shall treat each potential and existing customer with respect. Members shall engage in marketing and advertising in a non-deceptive manner, and in accordance with the laws and regulations of the Federal Trade Commission ("FTC") and all other applicable federal, state, and local laws and regulations.

### **Emergency Response Agencies**

Members shall endeavor to reduce the rate at which emergency agencies respond to non-emergency occurrences by adopting industry recognized best practices for installing, servicing and monitoring of electronic life safety and security systems.

### **Representatives**

Members acknowledge that it is through their employees and other Representatives that they are able to deliver products and services to customers, thereby creating, sustaining and developing their businesses. Members shall provide adequate training and supervision to employees and implement disciplinary measures for employees that fail to comply with this Code. Moreover, Members shall require other Representatives to implement appropriate and effective controls —whether they are independent contractors, agents, dealers, etc.—through contracts, agreements, and other formal processes and procedures. In no circumstance may a Member structure a relationship with a Representative or third party who markets, sells, or services electronic life safety and security systems for the purpose of avoiding application of the Code to the Member's customers.

### **General Public**

ESA desires that its Members and their Representatives (1) conduct their business dealings with the highest standards of integrity and professionalism, (2) act as reasonable and responsible citizens in the communities in which they operate, and (3) positively and ethically promote the industry to the general public.

## **Standards of Conduct**

### **Purpose**

These *Standards of Conduct* are to provide guidance for member companies in conducting their activities in the spirit of honesty toward consumers, specifically with integrity and fair competition. Adherence to this Code will promote best practices which foster consumer protection, and also preserve the integrity and reputation of the entire electronic life safety and security industry.

### **Representative Defined**

The term "Representative" includes employees, independent contractors, agents, dealers, dealer networks, associates, and other entities and individuals who market or sell electronic life safety and security products and services on behalf of a Member, regardless of the underlying legal arrangement between the Member and the Representative. The term Representative is to be construed broadly and Members may not structure arrangements with third parties for the purpose of circumventing the Code with respect to the accounts serviced or owned by a Member.

For example, but in no way limiting the definition of a Representative, a Member may not agree to purchase accounts from a non-member for the purpose of acquiring accounts that were not generated in conformance with the Code. Similarly, a Member may not disclaim a legal relationship with a Representative or other third party for the purpose of circumventing the Code.

## **STANDARD 1 - RELATIONSHIP WITH CONSUMERS**

### **1.1 Identification of Representatives**

Members shall require their Representatives to:

- 1.1.1 Carry an accurate photo identification card with company affiliation when meeting customers or potential customers in person, and show it to any consumer who asks to see identification;
- 1.1.2 Truthfully and clearly identify themselves by name, their company by name, and the purpose of their solicitation to the potential customer at the initiation of a sales presentation, without request from the consumer and before entering the consumer's premises;
- 1.1.3 Not generically identify themselves as being from "the alarm company" or "the security company"; and
- 1.1.4 Be properly licensed and registered in compliance with all applicable laws, ordinances and regulations.

### **1.2 Consumer Respect**

Members shall require compliance with the following practices:

- 1.2.1 Representatives shall only make telephone contact with consumers during the hours of 8 a.m. to 9 p.m. in the applicable time zone (or as otherwise limited by applicable law) and shall only make in-person contact with consumers in conformance with any applicable laws;
- 1.2.2 Representatives shall discontinue a sales presentation and immediately leave the premises upon the request of a consumer;

- 1.2.3 Representatives shall not approach a consumer's premises if a "No Solicitation", "No Trespassing" or similar sign is posted;
- 1.2.4 Members and their Representatives shall comply with all applicable laws that prohibit or regulate solicitations, including honoring all applicable do-not-call lists and all other requests not to be called, contacting consumers electronically in conformance with the CAN-SPAM Act, and honoring requests not to receive additional emails or faxes for or on behalf of a consumer; and
- 1.2.5 Representatives shall not remove another company's alarm equipment or signage from the customer's property.

### **1.3 Deceptive or Unlawful Business Practices**

Members shall prohibit their Representatives from engaging in deceptive, misleading, unlawful, or unethical business practices, including but not limited to falsely stating or implying any of the following to a potential customer:

- 1.3.1 That a competitor company is going out of business or is in financial difficulty;
- 1.3.2 That a competitor company does not exist;
- 1.3.3 That a competitor company is changing or has changed its company name;
- 1.3.4 That the Representative's company is acquiring, merging with, has been taken over, or is part of a competitor company;
- 1.3.5 That the Representative is a representative or agent for, is acting on behalf of, or is otherwise acting with the consent or approval of a competitor company;
- 1.3.6 That the Representative's company is the "sister" company of a competitor company;
- 1.3.7 That the Representative represents or is affiliated with an equipment manufacturer, vendor or service provider, unless such entity has granted written permission to do so;
- 1.3.8 That the Representative's company manufactures the equipment used by a competitor company;
- 1.3.9 That the Representative's company is performing routine maintenance on a competitor company's equipment;
- 1.3.10 That any change proposed during a sales solicitation is an "update" or "upgrade" of an existing system when such a transaction requires an agreement with a person, company, or entity different than the consumer's existing alarm system or alarm monitoring service agreement;
- 1.3.11 That the Representative's company, or any other entity, is "taking over" the monitoring of a competitor company's accounts or has purchased the customer's account from a competitor company;
- 1.3.12 That a competitor company is not, or has stopped, monitoring the alarm system for that person, residence, or business;
- 1.3.13 That a competitor company will no longer be able to monitor or service the alarm system for that person, residence, or business;

- 1.3.14 That the manufacturer or provider of the existing alarm system in the consumer's home prefers or recommends that the consumer switch to or use a specific or different alarm monitoring service; and
- 1.3.15 That the Representative or the Representative's company is affiliated with, has the endorsement of, or is in any manner acting at the direction of, any governmental or law enforcement agency.

Furthermore, Members shall prohibit their Representatives from:

- 1.3.16 Misrepresenting the capabilities of their products or services;
- 1.3.17 Misrepresenting the capabilities or lack thereof of the consumer's existing alarm system or alarm monitoring service;
- 1.3.18 Quoting statistics or providing other information that is known to be false or misleading, or which the Member has not made a reasonable effort to objectively quantify or substantiate; and
- 1.3.19 Utilizing another company's trade secrets, confidential information or proprietary information, including utilizing another company's customer lists without that company's prior written consent.

#### **1.4 Contracting with Customers**

Members shall require compliance with the following:

- 1.4.1 When contracting with potential or existing customers, Members shall require their Representatives to use written materials, which clearly and conspicuously set forth both the Member's and customer's rights and obligations;
- 1.4.2 Members and their Representatives shall clearly and conspicuously disclose all material terms and conditions of the offer before obtaining a customer's consent;
- 1.4.3 Members shall train their Representatives with respect to the terms and conditions of the contract so that a customer's questions can be adequately answered at or prior to signing the contract; and
- 1.4.4 Members shall require their Representatives to provide a copy of the contract with the customer immediately upon execution, either in paper or electronic form, as appropriate.

#### **1.5 Refunds**

- 1.5.1 Refund policies, including termination fees, shall be clearly and conspicuously disclosed to customers or potential customers prior to the sale of any product or service;
- 1.5.2 Members shall honor all refunds for customers in accordance with their stated refund policies; and
- 1.5.3 Upon request, Members shall provide customers a written termination fee calculation and state the information upon which they base the calculation.

#### **1.6 Privacy**

- 1.6.1 Members who collect personal information from consumers shall implement a privacy policy that discloses their practice of data collection, usage and sharing;

- 1.6.2 Members shall disclose the privacy policy in a clear and conspicuous manner when accepting a consumer's personal information. For example, every request for a consumer's personal information should include the disclosure of the Member's privacy policy in print or by reference to the privacy policy on the Member's website; and
- 1.6.3 Members shall have technical and management controls in place to comply with all applicable laws and regulations on the protection of personal information.

**STANDARD 2 - RELATIONSHIP WITH EMERGENCY RESPONSE AGENCIES**

Members shall require compliance with the following:

- 2.1 Members and their Representatives shall comply with all applicable alarm ordinances;
- 2.2 Members and their Representatives shall encourage customers to comply with all applicable alarm ordinances;
- 2.3 Members and their Representatives shall train customers in the proper use of the Members' products and services and provide customers with an instruction manual;
- 2.4 Members and their Representatives shall provide reasonable cooperation to customers and emergency agencies to remedy an alarm system identified as creating non-emergency dispatches; and
- 2.5 Members shall encourage participation in, or cooperation with, industry-recognized programs designed to reduce non-emergency dispatches.

**STANDARD 3 - RELATIONSHIP WITH OTHER PROVIDERS OF ELECTRONIC LIFE SAFETY AND SECURITY PRODUCTS AND SERVICES**

Members shall require compliance with the following:

- 3.1 Representatives shall not use misleading or unsubstantiated comparisons between companies; and
- 3.2 Representatives shall not unfairly or falsely denigrate any company, business or product, directly or by implication.

**STANDARD 4 - RELATIONSHIP WITH REPRESENTATIVES**

Members shall engage in the following:

- 4.1 Members shall develop and utilize training, policies, and procedures that promote on-the-job safety;
- 4.2 Members shall provide training and supervision to all Representatives sufficient to allow them to perform their duties in a high quality and highly professional and ethical manner;
- 4.3 Members shall provide training to all Representatives sufficient to ensure that they engage in non-deceptive marketing and advertising; and
- 4.4 Members and their Representatives shall comply with all equal employment opportunity laws.

**STANDARD 5 - RELATIONSHIP WITH THE GENERAL PUBLIC**

Members shall require compliance with the following:

**5.1** Members and their Representatives shall comply with all federal, state and local laws and permits governing the type of services offered to the general public in the jurisdiction in which they are conducting their business;

**5.2** Members and their Representatives shall handle all hazardous materials in compliance with all applicable environmental laws; and

**5.3** Members whose Representatives operate motor vehicles in the performance of the Member's business shall establish policies and procedures that encourage safe and courteous driving.

### **ADDITIONAL REQUIREMENTS**

#### **Compliance**

Members shall implement an effective program for complying with this Code which includes adopting and enforcing appropriate policies and procedures to prevent activities proscribed by this Code. Compliance programs should include (a) requiring compliance with this Code as a material obligation in any written contract for the engagement of any Representative, (b) refusing to purchase or acquire alarm monitoring accounts that were sold or generated using practices prohibited under this Code, (c) conducting effective and ongoing training and education of all Representatives on the requirements of this Code, (d) maintaining processes to effectively collect and investigate complaints alleging violations of this Code, (e) responding promptly to all such complaints and undertaking corrective actions, and (f) enforcing this Code through appropriate internal disciplinary procedures and actions.

#### **Prompt Investigation**

If any consumer alleges that a Representative offering the products or services of a Member has engaged in improper conduct, the Member shall promptly investigate the allegation. If a violation of this Code is identified, the Member shall appropriately discipline the offending Representative, and take further steps, as necessary, to address the consumer's concerns.

#### **Publication**

The Association will publicize the existence of this Code. Members are encouraged to advertise compliance to this Code, and to make customers and potential customers aware of such compliance. Members and their Representatives are encouraged to post this Code on their external websites.

#### **Acknowledgement**

Each member shall certify to the Association that they have read and understand the Code of Ethics and Standards of Conduct and, by virtue of remittance of membership dues, are in compliance with the Code of Ethics and these Standards of Conduct.