

ESA Code of Ethics and Standards of Conduct

Amended February 24, 2010

Members of the Electronic Security Association (“ESA”), f/k/a National Burglar & Fire Alarm Association, are committed to serving the public with high quality products and services that help protect lives and property through the detection of certain events. The ESA Code of Ethics and Standards of Conduct (collectively the “Code”) are 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 guide ESA members in the ethical conduct of business. This Code should be viewed as a floor and not a ceiling. 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, conduct of the ESA member impacts (1) customers; (2) public emergency response agencies; (3) their employees and other paid representatives; 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.

Customers

Members acknowledge that their customer's safety and security is their reason for being in business.

Members shall give due respect to customers.

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.

Representatives

Members acknowledge that it is through their employees and other paid 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 such individuals and implement disciplinary measures for employees that fail to comply with this Code.

General Public

ESA desires that its members act as responsible citizens in the communities in which they operate and shall positively promote the industry to the public and participate constructively in development of laws and policies that affect the industry.

Standards of Conduct

Purpose

These *Standards of Conduct* are to assist security companies in conducting their activities in the spirit of honesty toward consumers, integrity and fair competition. Adherence to this Code will promote best practices which not only foster consumer protection, but also preserve the integrity and reputation of the entire security services industry.

STANDARD 1 - RELATIONSHIP WITH CONSUMERS

1.1 Identification of Representatives.

Members shall require their employees, independent contractors and/or agents (collectively “Representatives”) to:

- 1.1.1.** Carry an accurate photo identification card with company affiliation when meeting 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 prospective consumer at the initiation of a sales presentation, without request from the consumer;
- 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 state law) and shall only make in-person contact with consumers in conformance with any applicable state and local 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 home if a "No Solicitation" sign is posted;
- 1.2.4. Members and their Representatives shall comply with the FTC Telemarketing Sales Rule and all applicable state laws that prohibit or regulate solicitations including:
 - 1.2.4.1. Honoring the FTC's do-not-call list and requests not to be called; and
 - 1.2.4.2. Contacting consumers electronically in conformance with the CAN-SPAM Act and honoring requests not to receive additional emails for or on behalf of a consumer.
- 1.2.5. Representatives shall not remove another company's alarm sign without a consumer's prior express consent.

1.3 Deceptive or Unlawful Sales and Marketing Practices

Members shall prohibit Representatives from engaging in deceptive, misleading, unlawful, or unethical sales and from 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's company manufactures the equipment used by a competitor company;
- 1.3.8. That the Representative's company is performing routine maintenance on a competitor company's equipment;
- 1.3.9. 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;
- 1.3.10. 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;
- 1.3.11. That a competitor company is not, or has stopped, monitoring the alarm system for that person, residence, or business;
- 1.3.12. That a competitor company will no longer be able to monitor or service the alarm system for that person, residence, or business; or
- 1.3.13. 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.
- 1.3.14. Misrepresenting the capabilities of their products or services; and
- 1.3.15. Quoting statistics or providing other information that is known to be false or misleading, and which the Member has not made a reasonable effort to objectively quantify or substantiate.

1.4 Contracting with Customers

Members shall require compliance with the following:

- 1.4.1. When contracting with 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.

1.5 Refunds

- 1.5.1. Refund policies, including termination fees, shall be clearly and conspicuously disclosed to customers prior to the sale of any product or service;
- 1.5.2. Members shall honor all refunds in accordance with their stated refund policies; and
- 1.5.3. Upon request, Members shall provide 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 personal information from a consumer 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 federal, state, and local laws and regulations on privacy practices.

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 a written 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, ESA programs designed to reduce non emergency dispatches.

STANDARD 3 - RELATIONSHIP WITH OTHER PROVIDERS OF ELECTRONIC 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 for their employees;
- 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 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 shall handle all hazardous materials in compliance with all applicable environmental laws; and
- 5.2** 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) conducting effective and ongoing training and education of all Representatives on the requirements of this Code, (b) maintaining processes to effectively collect and investigate complaints alleging violations of this Code, (c) responding promptly to all such complaints and undertaking corrective actions, and (d) 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.

Acknowledgement

Each member shall certify to the Association, by virtue of remittance of membership dues that it is in compliance with the Code of Ethics and these Standards of Conduct.