The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
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</thead>
<tbody>
<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>70%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>5</td>
<td>42.9%</td>
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<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>91.7%</td>
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<tr>
<td>Training</td>
<td>5</td>
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<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>85.7%</td>
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<tr>
<td>Total</td>
<td>41</td>
<td>73.2%</td>
</tr>
</tbody>
</table>
A1:

Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:

2

Comments:

Based on public information, there is evidence that the company has published several statements from the former Chairman and CEO Louis R. Chênevert, supporting the ethics and anti-corruption agenda of the company. These statements can be found in the Code of Ethics, the Non-Retaliation Handbook and the Global Ethics and Compliance Factsheet.

References:

Public:
Code of Ethics (June 2012), p.1:
‘Dear UTC Colleagues,

UTC’s Commitments define who we are and how we work. Performance is the first Commitment. We understand that our customers have choices, and how we perform determines whether they choose us.

At the root of UTC’s Performance Commitment are the fundamental principles that legal requirements must be satisfied, that financial statements must be complete and accurate, and that customers and other stakeholders must be treated fairly. Simply stated, performance cannot be achieved without meeting these requirements.

The UTC Code of Ethics does not merely require compliance with laws. It embodies a commitment to positive behaviors that build trust, promote respect, and demonstrate integrity. We honor our commitments, communicate openly, and hold ourselves accountable. Operating within the framework of the Code, UTC creates and sustains value for its stakeholders.

If you have a question or concern regarding the UTC Code of Ethics, talk to your direct supervisor, human resources manager or a business practices officer. If you prefer to raise an issue confidentially, I encourage you to call an Ombudsman or write a DIALOG.

UTC’s success depends on our collective efforts. Working together, we can assure that ethics are at the foundation of our performance culture.

Sincerely,
Global Ethics and Compliance (April 2014), p1:

““At UTC, we pursue the highest ethical standards every day and everywhere we do business. These ethical standards, like our quality and safety standards, apply universally and do not change based on the situation or location.” Louis R. Chênevert, Chairman & Chief Executive Officer’.


2013 Annual Report, p.4:

‘In closing, 2013 was a year of many accomplishments, all achieved with a complete commitment to the highest ethical, legal, environmental and safety standards. By focusing on integration and execution, UTC delivered strong results and positioned the company for longterm sustainable growth.’

‘Louis R. Chênevert
Chairman & Chief Executive Officer’


Non-Retaliation Handbook (February 2013), p.4:

‘Dear Colleagues,

A common goal across United Technologies is to be world class in all that we do: maximizing shareholder return, aiming for outstanding operational and financial performance, and having the highest ethical standards, the safest work environments and the best compliance practices.

The UTC Code of Ethics embodies our commitment to behaviors that build trust, promote respect, and demonstrate integrity. UTC’s reputation is one of, if not the most valuable of our assets. To safeguard UTC’s reputation, we expect our employees at all levels to speak up when wrongdoing is observed or suspected.

UTC offers many channels of communication for this purpose. You should feel confident to ask questions or raise concerns directly with your supervisor, a human resources manager, a Business Practices Officer (BPO) or the legal department. You can also use UTC’s Ombudsman/DIALOG program for confidential or anonymous reporting.

To reinforce our long-standing commitment to a safe reporting environment, UTC created a new non-retaliation policy (section 56 in the corporate policy manual). The policy makes it clear that retaliation of any sort is contrary to our core values and will not be tolerated. The Company will protect employees who speak up in good faith or participate in an investigation, and those in a position of authority cannot prevent such activity.'
Furthermore, anyone engaging in retaliatory behavior is subject to disciplinary action, up to possible termination.

Each of us is responsible and accountable for compliance with the UTC Code of Ethics because our integrity and reputation depend upon the individual actions of our directors, officers, employees and representatives all over the world. The annual mandatory ethics training for all UTC employees, through our on-line Business Practices Education Center and in-person training, complements these actions and reminds us of the importance of the UTC Code of Ethics and uncompromising compliance at UTC.

The following handbook was developed to assist UTC employees – at all levels – with recognizing and addressing retaliation and ensuring that the fear of retaliation does not impact good faith reporting.

Sincerely,

Louis R. Chênevert
Chairman & Chief Executive Officer’.

A2:

Does the company's Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:

2

Comments:

Based on public information, there is evidence that the company’s Chief Executive Officer demonstrates a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company. The CEO is on the Steering Committee of the Defense Industry Initiative on Business Ethics and Conduct.

References:

Public:
Company website: Human Progress through Innovation, Appeal of Conscience Foundation 2013 Special Awards Dinner — Remarks by UTC Chairman & CEO Louis R. Chênevert (30 May 2013)

‘We need people to feel free – and be free – to fully engage with one another. This can only happen when the fundamental values of freedom, democracy, rule of law and human rights are well established around the world. Freedom, democracy and the respect for the rights of all individuals unlock the opportunity for, and value of, collaborative innovation.

Many of you here tonight have been champions for these values. We work hard every day to live these values at United Technologies. As our company enters new markets around the world, we bring with us a belief that financial performance and corporate responsibility go hand in hand. This is our approach; and we’re proud of the way our employees across the globe embrace it and engage one another to drive the next generation of innovation.

But we know that’s not enough. True success requires strong moral leadership. As leaders in business, government and faith we all share this responsibility. Rabbi Schneier, you and your Foundation have accomplished so much in this area and we are proud to support your work, the mission of the Appeal of Conscience Foundation and this extraordinary evening. Thank you.’

DII website: Steering Committee
‘Gregory Hayes, Chief Executive Officer, United Technologies Corporation’.
http://www.dii.org/dii-steering-committee

Company website: Code of Ethics
Kevin J. O’Connor, Vice President, Global Ethics and Compliance – video

Company website: Anti-Corruption Initiatives
Kevin J. O’Connor, Vice President, Global Ethics and Compliance – video
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Anti-Corruption-Initiatives.aspx
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company. The CEO spoke about the company’s ethical culture at the 2008 Executive Conference, but this is outside the two-year timeframe of this question. The CEO also sets annual ethics objectives, which are cascaded to others in leadership positions. However, TI has found no further evidence of a personal commitment from the CEO to ensure the company’s ethics and anti-corruption agenda is actively promoted throughout the company.

References:
Public:
TI notes:
Company website: Ethics and Compliance:
‘We identify annual ethics objectives, cascaded from our chief executive officer, to others in leadership positions.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Default.aspx

Code of Ethics (June 2012), p.4:
“The most basic element to success is an Ethical Culture.”
Louis R. Chênevert, United Technologies Executive Conference, October 23, 2008.’
A4:

Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

2

Comments:

Based on public information, there is evidence that the company publishes a statement of values representing high business standards including responsibility. The company’s ethical behaviour is built on trust, respect and integrity. The company describes integrity as uncompromising adherence to the Code of Ethics, reflected through honesty and accountability, and explains the importance of open communication within the company and with stakeholders.

References:

Public:
Company website: Ethics and Compliance

‘At UTC, trust, respect and integrity are built-in to everything we do and everything we make. Acting ethically and in accordance with all applicable laws is critical to keeping UTC competitive. We expect high performance with high integrity – we seek to always compete fairly and solely on the merits of our products and services. When faced with a choice between our business ethics or completing a deal – we always adhere to our Code of Ethics. UTC’s success relies on a system of core values that require us to hold ourselves accountable to the highest standards to ensure we earn our business based solely on our merits.

Our Code of Ethics, adopted in 1990, clarifies those values and commitments that establish a framework for ethical decision making everywhere we do business. The Code strengthens UTC’s fight against corruption and promotes behavior that leads to the development of fair markets so that every company competes only on its merits.’

http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Default.aspx

Code of Ethics (June 2012), preface:
‘Our Commitments

UTC’s Commitments define who we are and how we work. They focus our businesses and
move us forward.

Performance

Our customers have a choice, and how we perform determines whether they choose us. We aim high, set ambitious goals and deliver results, and we use customer feedback to recalibrate when necessary. We move quickly and make timely, well-reasoned decisions because our future depends on them. We invest authority where it needs to be, in the hands of the people closest to the customer and the work.

Innovation

We are a company of ideas that are nurtured by a commitment to research and development. The achievements of our founders inspire us to reach always for the next innovative and powerful and marketable idea. We seek and share ideas openly, and value differences in experiences and opinion.

Opportunities

Our employees’ ideas and inspiration create opportunities constantly, and without limits. We improve continuously everything we do, as a company and as individuals. We support and pursue lifelong learning to expand our knowledge and capabilities and to engage with the world outside UTC. Confidence spurs us to take risks, to experiment, to cooperate with each other and, always, to learn from the consequences of our actions.

Responsibility

Successful businesses improve the human condition. We maintain the highest ethical, environmental and safety standards everywhere, and we encourage and celebrate our employees’ active roles in their communities.

Results

We are a preferred investment because we meet aggressive targets whatever the economic environment. We communicate honestly and forthrightly to investors, and deliver consistently what we promise. We are a company of realists and optimists, and we project these values in everything we do.’

p.3:

‘In addition to stating rules that govern our actions, the Code is an expression of fundamental values and represents a framework for decision-making. The Code is further explained and implemented by Code Supplements and by policies contained either in the Corporate Policy Manual or the Financial Manual.

The underpinnings of ethical business practices at UTC are the following:

- We will obey the law.
- We will act in good faith.
- We will consider the impact of our decisions on our stakeholders and seek fair resolutions.
- We will communicate openly and effectively with our stakeholders.
- We will seek always to build trust, show respect, and perform with integrity.

The integrity, reputation and profitability of UTC ultimately depend upon the individual
actions of our directors, officers, employees and representatives, all over the world. Each is personally responsible and accountable for compliance with this Code.’

(p.4): ‘Our Principles – How We Make Decisions
UTC is committed to the highest standards of ethics and business conduct.
UTC complies with the law, honors its commitments, acts in good faith, maintains its values, seeks to advance the interests of stakeholders, communicates openly and effectively, and holds itself accountable.
In seeking positive outcomes, UTC’s process for decision-making includes the following steps:
(1) involving the right people, (2) understanding the facts, (3) understanding the legal requirements, (4) considering the duties owed to stakeholders and the impact of alternative decisions, (5) comparing alternatives with reference to company values, (6) making a tentative decision that is lawful and seems best; and (7) asking “Should I?”
For UTC, ethical behavior is built on trust, respect, and integrity.
Trust is the bedrock of business ethics at UTC, because business is built on reciprocity, mutuality and predictability, and trust is destroyed by deception, cheating, and the failure to keep commitments. Respect is demonstrated by communicating openly, listening receptively to the ideas of others, and treating others with dignity. Integrity is a concept of uncompromising adherence to the Code of Ethics and coherence among actions. Integrity is reflected through honesty, accountability, and by applying sound methods to address business issues.
At UTC, ethics is the foundation of our performance culture.’

(p.5): ‘We will provide high quality and value, competitive prices, and honest transactions to those who use our products and services.’
‘We are committed to providing safe and healthy working conditions and an atmosphere of open communication for all our employees.’

(p.7): ‘Q: Why is bribery wrong?
A: Bribery is unlawful everywhere, because it destroys the duty of loyalty and destroys trust. Moreover, bribery disrupts the operation of the global, market-based economy, because bribery displaces decisions that otherwise would be based on the merits, such as quality and price. UTC wins on the basis of innovation and productivity and therefore wins when markets operate effectively and efficiently.’

(p.12): ‘UTC purchases equipment, supplies and services on the basis of merit. UTC’s partners, suppliers, vendors and subcontractors will be treated with fairness and integrity and without discrimination.’

(p.15): ‘We obey the law, perform in good faith, communicate openly, and seek fair
(p.16): ‘Managers at all levels of UTC are responsible for creating and fostering a culture of ethical business practices, encouraging open communications, and instilling an awareness of and commitment to this Code of Ethics.’

Annual Report (2013), p.11:
‘PROMOTING TRUST, RESPECT AND INTEGRITY. The integrity, reputation and profitability of United Technologies depend on the individual actions of our directors, officers, employees and representatives all over the world. Each is responsible and accountable for compliance with our Code of Ethics. And each of us shares the commitment to be world class in all that we do — to aim for outstanding operational and financial performance, the highest ethical conduct in all situations, the safest work environment and the best compliance practices.
Our Code of Ethics provides a framework to help employees make the right decision in any situation. It also embodies our commitment to promoting the behaviors that create a culture of trust, respect and integrity. These include communicating openly, honoring all our commitments and holding ourselves accountable to the highest standards’.


Company website: Education & Training
Video: ‘No contract, no sale is ever worth compromising our values.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Education-And-Training.aspx

Company website: Anti-Corruption Initiatives
‘Corruption affects all of our businesses, everywhere we operate. At UTC, we do not take shortcuts – and we do not and will not engage in corruption, whether in the form of colluding with our competitors or making bribes and improper payments for the purpose of influencing a business decision. When faced with a choice between our business ethics or completing a deal – we always adhere to our Code of Ethics.
In standing by our principles and complying with our Code of Ethics, we fight against corruption and support the development of fair markets in which every company competes only on the merits. Our success relies on abiding by our core principles and we earn our business based solely on our merits – regardless of what might be seen as customary or acceptable in a given market.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Anti-Corruption-Initiatives.aspx

Non-Retaliation Handbook (February 2013), p.4:
‘The UTC Code of Ethics embodies our commitment to behaviors that build trust, promote
respect, and demonstrate integrity. UTC’s reputation is one of, if not the most valuable of our assets. To safeguard UTC’s reputation, we expect our employees at all levels to speak up when wrongdoing is observed or suspected.

‘Each of us is responsible and accountable for compliance with the UTC Code of Ethics because our integrity and reputation depend upon the individual actions of our directors, officers, employees and representatives all over the world.’
A5: Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score: 2

Comments: Based on public information, there is evidence that the company is a signatory of DII and a member of IFBEC.

References:
Public:
DII website: Signatories
‘United Technologies Corporation’.
http://www.dii.org/signatories

IFBEC website: Our Members
‘United Technologies’.
http://ifbec.info/our-members/
A6:
Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

2

Comments:
Based on public information, there is evidence that the company has appointed the Audit Committee with overall corporate responsibility its ethics and anti-corruption agenda. The Committee’s duties include evaluating processes to assure compliance with the company’s policies and procedures, Code of Ethics and applicable laws and regulations.

References:
Public:
Audit Committee Charter (February 2014) p.1:
‘The Audit Committee (“Committee”) is appointed by the Board of Directors (“Board”) to assist the Board in fulfilling its oversight responsibilities relating to: the integrity of UTC’s financial statements; the independence, qualifications and performance of UTC’s internal and external auditors; the adequacy of processes to assure compliance with UTC’s policies and procedures, financial controls, Code of Ethics and applicable laws and regulations; policies with respect to risk assessment and management; and such other responsibilities as set forth herein. The Committee provides the opportunity for an open and candid dialog on these issues among the independent auditor, management, and the internal auditor.’
‘The Committee shall meet as frequently as it determines necessary. The Committee normally meets at least four times annually and additional meetings are scheduled as necessary to review quarterly financial results.’

(p.2): ‘The Committee shall make regular reports to the Board.’

(pp.3-4): ‘D. Compliance Oversight Responsibilities
1. Discuss any illegal acts discovered by the independent auditor during the course of its work and its conclusions with respect to such illegal acts.
2. Obtain reports from management and UTC’s senior internal auditing executive regarding compliance with applicable laws and regulations and with UTC’s Code of Business Conduct
and Ethics.

3. Establish procedures for the receipt, retention and treatment of complaints received by UTC regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

4. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding UTC’s financial statements or accounting policies.

5. Discuss with UTC’s General Counsel legal matters that may have a material impact on the financial statements or UTC’s compliance policies.’

A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:
2

Comments:
Based on public information, there is evidence that the company has appointed the Vice President, Global Compliance, with responsibility for implementing its ethics and anti-corruption agenda. The Vice President, Global Compliance is identified as Kevin J. O’Connor.

References:
Public:
Code of Ethics (June 2012) p.18:
‘The UTC Vice President, Global Compliance is responsible for implementing this Code through Code Supplements, the Corporate Policy Manual, and (working with the Finance Department) the UTC Financial Manual.
Waiver of all or part of this Code of Ethics, conflicts of interest, or various other policies issued to implement the Code will be granted only in exceptional circumstances and only after approval by the UTC Vice President, Global Compliance. Any waivers for directors and executive officers must be approved by both the Vice President, Global Compliance and the Board of Directors or a Board committee and will be disclosed promptly as required by law, regulation and UTC policy.’

2013 Annual Report, p.83:
‘Kevin J. O’Connor
Vice President,
Global Compliance’.

Company website: Code of Ethics
Video: ‘Kevin J. O’Connor, Vice President, Global Ethics and Compliance’.
Company website: Anti-Corruption Initiatives
Video: ‘Kevin J. O’Connor, Vice President, Global Ethics and Compliance’.
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Anti-Corruption-Initiatives.aspx

Corporate Policy Manual – Improper Payments (January 2010), p.4: ‘The UTC Senior Vice President and General Counsel is the senior responsible official for matters arising under this Policy.’
A8:
Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:
1

Comments:
Based on public information, there is evidence that the Audit Committee monitors and reviews the performance of the company’s ethics and anti-corruption agenda. The scope of the review is continuous monitoring of the processes to ensure compliance, rather than a major periodic review of the entire programme. The company therefore scores 1. To score higher the company would need to provide evidence of a periodic, heavyweight review of the ethics and anti-corruption agenda, which takes place at least annually.

References:
Public:
Audit Committee Charter (February 2014) p.1:
‘The Audit Committee (“Committee”) is appointed by the Board of Directors (“Board”) to assist the Board in fulfilling its oversight responsibilities relating to: the integrity of UTC’s financial statements; the independence, qualifications and performance of UTC’s internal and external auditors; the adequacy of processes to assure compliance with UTC’s policies and procedures, financial controls, Code of Ethics and applicable laws and regulations; policies with respect to risk assessment and management; and such other responsibilities as set forth herein. The Committee provides the opportunity for an open and candid dialog on these issues among the independent auditor, management, and the internal auditor.’
‘The Committee shall meet as frequently as it determines necessary. The Committee normally meets at least four times annually and additional meetings are scheduled as necessary to review quarterly financial results.’

(p.2): ‘The Committee shall make regular reports to the Board.’

(pp.3-4): ‘D. Compliance Oversight Responsibilities
1. Discuss any illegal acts discovered by the independent auditor during the course of its work and its conclusions with respect to such illegal acts.
2. Obtain reports from management and UTC’s senior internal auditing executive regarding
3. Establish procedures for the receipt, retention and treatment of complaints received by UTC regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

4. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding UTC’s financial statements or accounting policies.

5. Discuss with UTC’s General Counsel legal matters that may have a material impact on the financial statements or UTC’s compliance policies.

Corporate Policy Manual – Government Affairs (July 2013) p.3:
‘The UTC Senior Vice President and General Counsel and the Senior Vice President, Government Affairs are responsible for ensuring compliance with this policy and shall review and reissue this policy at 2-year intervals following its issuance.’

Corporate Policy Manual – Improper Payments (January 2010), p.4:
‘The UTC Senior Vice President and General Counsel will review this policy bi-annually.’
A8(a):
Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:

0

Comments:
Based on public information, there is no readily available evidence of a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board is based, or evidence of improvement plans being implemented when issues are identified.

References:
Public:
NA
A9:
Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:
1

Comments:
Based on public information, there is some evidence that via the Ombudsman Program the company updates policies in response to identified concerns. However, there is a lack of information regarding the formal process of review and update of the company’s policies in response to actual or alleged cases of corruption. The company therefore scores 1.

References:
Public:
Company website: Ombudsman Program
‘Since its inception in 1986, the Ombudsman Program has received more than 100,000 inquiries. The suggestions and requests made in the last five years have led to changes that make UTC a better company – underscoring the importance of the Ombudsman Program’.
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx

Audit Committee Charter (February 2014) p.4:
‘It is also not the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and UTC’s policies and procedures. These are the responsibility of management, the independent auditor or others retained by the Committee.’
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

1

Comments:
Based on public information, there is evidence that the company has a formal anti-corruption risk assessment procedure, implemented enterprise-wide. The company identifies compliance risks, such as bribery, and takes steps to monitor and manage them. The company therefore scores 1. To score higher the company would need to provide evidence on how the procedure is applied, who is responsible for mitigation plans and when they must be applied.

References:
Public:
Company website: Enterprise Risk Management
‘At UTC, we aim to be world-class in everything we do – and compliance with U.S. and other national laws is no exception. Every employee is responsible for ensuring that UTC’s business is conducted in compliance with these laws and with UTC’s Code of Ethics.
UTC’s Enterprise Risk Management assessments measure compliance risks, deploy risk mitigation plans and track implementation for four key areas:

INTERNATIONAL TRADE COMPLIANCE (ITC)
As a leading U.S. importer and supplier of controlled products and technologies to the U.S. Department of Defense, other national defense establishments and various domestic and international customers, UTC is committed to conducting business in full compliance with all U.S. and other national laws and regulations governing exports, imports, anti-boycott, economic sanctions and embargoes.

GOVERNMENT CONTRACTS
With nearly 20 percent of UTC’s overall sales supporting the U.S. Department of Defense, the U.S. government is UTC’s largest customer. As such, UTC focuses on competing fairly, delivering quality products and services, adhering to government accounting and pricing requirements, and the timely and accurate submission of data to the government.

ANTITRUST
UTC has an aggressive antitrust compliance program that promotes and protects
competition. We prohibit actions and behavior that support a company’s monopoly or unreasonably restrains competition.

**IMPROPER PAYMENTS**

UTC does not pay bribes or conduct facilitating payments anywhere at any time. Doing so is in direct conflict with UTC’s commitment to fair competition.’


Global Ethics & Compliance Fact Sheet (April 2014), p.1:

‘We relentlessly seek to identify and mitigate our global compliance risks through a comprehensive enterprise risk management system.’

Audit Committee Charter (February 2014) p.3:

‘Discuss with management UTC’s policies and procedures regarding risk assessment and risk management, the company’s major financial risk exposures and the steps management has taken to monitor and manage such exposures to be within the company’s risk tolerance.’
A10:

Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied.

References:

Public:
TI notes:
Corporate Policy Manual – Improper Payments (January 2010), p.5:
‘UTC may be legally accountable, and the reasons for our policy are equally implicated, when a third party such as a sales representative, distributor, or joint venture partner makes or causes a corrupting payment. Careful selection of business partners (including, but not limited to: joint venture partners, subcontractors, distributors, and sales representatives), due diligence, contractual prohibitions and continuing audit and oversight are required to prevent such activities related to UTC business insofar as we are able’.  
A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:
1

Comments:
Based on public information, there is evidence that the company conducts due diligence on business partners, including sales representatives. The company therefore scores 1. To score higher the company would need to provide evidence that it refreshes the due diligence at least every three years and/or when there is a significant change in the business relationship.

References:
Public:
Corporate Policy Manual – Improper Payments (January 2010), p.5:
‘UTC may be legally accountable, and the reasons for our policy are equally implicated, when a third party such as a sales representative, distributor, or joint venture partner makes or causes a corrupting payment. Careful selection of business partners (including, but not limited to: joint venture partners, subcontractors, distributors, and sales representatives), due diligence, contractual prohibitions and continuing audit and oversight are required to prevent such activities related to UTC business insofar as we are able’.
A12: 
Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:
2

Comments:
Based on public information, there is evidence that the company has contractual rights and formal processes for the behaviour, monitoring, control and audit of agents with respect to countering corruption. Business partners, including sales representatives, must comply with the company’s policy on improper payments. The company can ensure compliance via contractual prohibitions and auditing and oversight rights.

References:
Public:
UTC Code of Ethics (June 2012), p.12:
‘All representatives (in addition to directors, officers, or employees) of UTC must act on behalf of UTC in a manner consistent with the Code.
UTC will not use any representative to circumvent standards of conduct described in this Code.’

Corporate Policy Manual – Improper Payments (January 2010), p.2:
‘We will not bribe anyone to obtain or retain business, or secure any other advantage, nor tolerate anyone to do so for our benefit, in any market – public or private – anywhere. We intend this policy to be broadly construed and strictly applied.’
‘UTC will obligate its business partners to comply with this Policy in the conduct of business with, on behalf of or for the benefit of UTC, through appropriate contractual agreements, warranties and representations.’

(p.5): ‘Although the legal landscape of business corruption remains a patchwork, the trend to prohibit corrupt payments in both public and private markets is clear. This trend is plainly in the best interest of all. When markets demand honest competition based on timely delivering high-quality, best-performing products and services at a price which constitutes the best overall value for the customer, efficiency is enhanced and innovation stimulated;
corruption is a hidden tax on both. 
For these reasons, UTC has chosen a single global policy that is both broader and simpler than the current legal regime, and decidedly in the best interest of markets everywhere; we will not bribe anyone, directly or indirectly, to gain business advantage.
A payment need not be received personally by a decision-maker in order to be corrupting, and thus improper. Nor is our policy limited to the actions of UTC employees.
UTC may be legally accountable, and the reasons for our policy are equally implicated, when a third party such as a sales representative, distributor, or joint venture partner makes or causes a corrupting payment. Careful selection of business partners (including, but not limited to: joint venture partners, subcontractors, distributors, and sales representatives), due diligence, contractual prohibitions and continuing audit and oversight are required to prevent such activities related to UTC business insofar as we are able’.

A13:  
Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:

2

Comments:  
Based on public information, there is evidence that the company makes clear to contractors, sub-contractors and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance. The Standard Terms and Conditions of Purchase indicate that suppliers must adopt a code of conduct that prohibits engagement in corrupt practices, and the company has the right to terminate the agreement if the supplier fails to comply with any obligation.

References:  
Public:  
Company website: Supplier Code of Conduct
‘A provision in our Standard Terms and Conditions establishes the expectation that our suppliers adopt a code of conduct suitable to their business that addresses key focus areas. To help our suppliers review and comply with this provision, below are references to resources available for their use.’

Standard Terms and Conditions of Purchase (September 2013), p.11:  
‘15. Termination for Default  
15.1. Buyer may, by written notice, terminate the Order (which, for the avoidance of doubt, includes the Agreement) or any portion thereof, for default without any liability or obligation whatsoever to Supplier for the portion terminated, in the following circumstances: (i) Supplier fails to perform any obligation hereunder, including a delivery obligation; (ii) when Buyer has reasonable grounds for insecurity, and Supplier fails to provide adequate assurances of performance within ten (10) days following Buyer’s demand or, (iii) should Supplier (a) become insolvent, (b) become unable to pay its
debts as they mature, (c) make a general assignment for the benefit of creditors, (d) have a receiver appointed for the whole or any substantial part of its assets, or (e) become in any way the subject of a bankruptcy petition.’

pp.22-23:
‘25. Standards of Business Conduct
25.1. Supplier shall adopt and comply with a policy statement or code of conduct regarding business ethics (“Code”). This Code will be suitable for Supplier’s business and as a minimum will require compliance with all applicable laws and regulations. The Code shall assure a safe and healthy work environment, prohibit the use of child or forced labor, provide for the protection of the environment and minimization of waste, emissions, energy consumption and the use of materials of concern and prohibit engagement in corrupt practices (e.g. facilitating, offering or paying any bribe). This provision creates no additional duties for Buyer with respect to Supplier and confers no rights on third parties’.

(p’23): ‘26. Compliance with Laws
26.1. Supplier shall comply with all applicable national, state, provincial, and local laws, ordinances, rules, and regulations applicable to the performance of the Order, except to the extent inconsistent with U.S. antiboycott laws, including (i) the manufacture or provisioning of Goods, (ii) the shipping of Goods and (iii) the configuration or content of Goods for the use intended by Buyer.’

‘26.3. Supplier shall, at the earliest practicable time, notify Buyer in writing if Supplier is subject to any federal, state, or foreign government criminal proceeding alleging fraud or corrupt practices, once initiated by the filing of a formal charging document in a court of law; and further notify Buyer of any subsequent felony convictions or deferred prosecution agreement(s) related to the foregoing.’

p.28: ‘34. Covenants Against Kickbacks and Political Contributions
34.1. Supplier has not offered or given and shall not offer or give anything of value (in the form of entertainment, gifts, or otherwise) to Buyer’s employees or representatives for the purpose of obtaining the Order or favorable treatment under the Order.
34.2. Supplier represents and warrants that it has not made, nor will it make, or offer to make any political contributions, or pay, or offer to pay any fees or commissions in connection with these Terms and Condition, the Agreement or any Order.’

Corporate Policy Manual – Improper Payments (January 2010), p.2:
‘We will not bribe anyone to obtain or retain business, or secure any
other advantage, nor tolerate anyone to do so for our benefit, in any market – public or private – anywhere. We intend this policy to be broadly construed and strictly applied.’

‘UTC will obligate its business partners to comply with this Policy in the conduct of business with, on behalf of or for the benefit of UTC, through appropriate contractual agreements, warranties and representations.’
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company explicitly addresses the corruption risks associated with offset contracting.

References:
Public:
Ti notes:
Standard Terms and Conditions of Purchase (September 2013), p.21:
‘22. Offset
22.1. Buyer may use all or any part of the value of the Order, including the value of any subcontracts placed by Supplier for the Order, for satisfying international offset obligations of Buyer, Buyer's Affiliates, or any entity that Buyer transfers such value to. Supplier may use the offset credit generated by the Order or the subcontracting of the Order only upon Buyer's written approval.
22.2. Supplier shall support Buyer in meeting Buyer's offset requirements in proportion to the value of the Goods supplied by Supplier to the value of the end item sold by Buyer into the particular country.’

Stock Analysis on Net website: United Technologies Corp.
‘Cost estimates also include the estimated cost of satisfying UTC's offset obligations required under certain contracts.’
http://www.stock-analysis-on.net/NYSE/Company/United-Technologies-Corp/Analysis/Revenues
A13(b):

Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting its offset partners and offset brokers.

References:

Public:

TI notes:

Standard Terms and Conditions of Purchase (September 2013), p.21:

‘22. Offset
22.1. Buyer may use all or any part of the value of the Order, including the value of any subcontracts placed by Supplier for the Order, for satisfying international offset obligations of Buyer, Buyer’s Affiliates, or any entity that Buyer transfers such value to. Supplier may use the offset credit generated by the Order or the subcontracting of the Order only upon Buyer’s written approval.
22.2. Supplier shall support Buyer in meeting Buyer’s offset requirements in proportion to the value of the Goods supplied by Supplier to the value of the end item sold by Buyer into the particular country.’

Stock Analysis on Net website: United Technologies Corp.

‘Cost estimates also include the estimated cost of satisfying UTC’s offset obligations required under certain contracts.’

http://www.stock-analysis-on.net/NYSE/Company/United-Technologies-Corp/Analysis/Revenues
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:

2

Comments:

Based on public information, there is evidence that the company has an anti-corruption policy that prohibits corruption in its various forms. TI notes that the company prohibits bribery, facilitation payments and kickbacks.

References:

Public:
Company website: Anti-Corruption Initiatives
‘Corruption affects all of our businesses, everywhere we operate. At UTC, we do not take shortcuts – and we do not and will not engage in corruption, whether in the form of colluding with our competitors or making bribes and improper payments for the purpose of influencing a business decision’.
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Anti-Corruption-Initiatives.aspx

Code of Ethics (June 2012), p.6:
‘Business gifts that are customary and reasonable in frequency and value are permitted, generally. A gift is never permitted if intended in exchange for favorable treatment or if prohibited by the policies of the recipient or his/her employer.
UTC will not offer or pay any bribe.
These issues are addressed in the Code Supplement entitled “Giving and Receiving of Business Gifts.”’

(p.11): ‘Seeking or accepting gifts or any form of compensation from suppliers, customers or others doing business, or seeking to do business with UTC (see the Code Supplement entitled “Business Gifts from Suppliers”’).
‘Q: Why does UTC care about gifts received by employees?
A: Gifts from those who seek or do business with UTC could influence an employee’s
decisions or actions. By obtaining clearance from the business practices office, problems are avoided’.

(p.13): ‘UTC will not offer or pay any bribe.’

(p.15): ‘UTC obeys the law, does not discriminate in personnel practices, and does not engage in corrupt practices’.

Company website: Enterprise Risk Management
‘UTC does not pay bribes or conduct facilitating payments anywhere at any time. Doing so is in direct conflict with UTC’s commitment to fair competition.’

Corporate Policy Manual – Improper Payments (January 2010), p.2:
‘We will not bribe anyone to obtain or retain business, or secure any other advantage, nor tolerate anyone to do so for our benefit, in any market – public or private – anywhere. We intend this policy to be broadly construed and strictly applied.’
‘This Policy against bribery applies to anything of value, including without limitation cash, credits, discounts, gifts in any form or other beneficial actions. It also applies to gifts or favors for family members or friends of the person whose favor is sought, charitable donations to his/her favored causes or institutions or political contributions.’

Standard Terms and Conditions of Purchase (September 2013), pp.22-23:
‘25. Standards of Business Conduct
25.1. Supplier shall adopt and comply with a policy statement or code of conduct regarding business ethics ("Code"). This Code will be suitable for Supplier's business and as a minimum will require compliance with all applicable laws and regulations. The Code shall assure a safe and healthy work environment, prohibit the use of child or forced labor, provide for the protection of the environment and minimization of waste, emissions, energy consumption and the use of materials of concern and prohibit engagement in corrupt practices (e.g. facilitating, offering or paying any bribe). This provision creates no additional duties for Buyer with respect to Supplier and confers no rights on third parties’.

p.28: ‘34. Covenants Against Kickbacks and Political Contributions
34.1. Supplier has not offered or given and shall not offer or give anything of value (in the form of entertainment, gifts, or otherwise) to Buyer’s employees or representatives for the purpose of obtaining the Order or favorable treatment under the Order.
34.2. Supplier represents and warrants that it has not made, nor will it make, or offer to make any political contributions, or pay, or offer to pay any fees or commissions in connection with these Terms and Condition, the Agreement or any Order.’
Business Gifts from Suppliers, p.3:

‘UTC employees may not solicit any gift, entertainment, or other gratuity.
UTC employees may not accept gifts, entertainment, or other gratuities from anyone seeking a contract with or purchase by UTC (in whatever form including purchase orders or credit card purchases), other than customary business courtesies that are reasonable in frequency and value.’

http://www-prod.utc.com/StaticFiles/UTC/StaticFiles/suppliers_english.pdf
A16: Is the anti-corruption policy explicitly one of zero tolerance?

Score: 2

Comments:
Based on public information, the company has a zero tolerance policy of corruption.

References:
Public:
Company website: Anti-Corruption Initiatives
‘Corruption affects all of our businesses, everywhere we operate. At UTC, we do not take shortcuts – and we do not and will not engage in corruption, whether in the form of colluding with our competitors or making bribes and improper payments for the purpose of influencing a business decision. When faced with a choice between our business ethics or completing a deal – we always adhere to our Code of Ethics.

In standing by our principles and complying with our Code of Ethics, we fight against corruption and support the development of fair markets in which every company competes only on the merits. Our success relies on abiding by our core principles and we earn our business based solely on our merits – regardless of what might be seen as customary or acceptable in a given market.’

Kevin J. O’Connor, Vice President, Global Ethics and Compliance – video
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Anti-Corruption-Initiatives.aspx

Code of Ethics (June 2012), p.7:
‘Q: Why is bribery wrong?
A: Bribery is unlawful everywhere, because it destroys the duty of loyalty and destroys trust. Moreover, bribery disrupts the operation of the global, market-based economy, because bribery displaces decisions that otherwise would be based on the merits, such as quality and price.

UTC wins on the basis of innovation and productivity and therefore wins when markets operate effectively and efficiently.’
p.15: ‘As affirmed in other sections of the Code, UTC obeys the law, does not discriminate in personnel practices, and does not engage in corrupt practices’.
A17: Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

2

Comments:
Based on public information, there is evidence that the company’s ethics and anti-corruption policies are easily accessible to Board members, employees and third parties. Multiple policies are available to download online, including the Code of Ethics which is available in 34 different languages.

References:
Public:
Code of Ethics (June 2012), p.21:
‘In addition to English, this booklet is published in Arabic, Bulgarian, Chinese, Croatian, Czech, Danish, Dutch, Estonian, Finnish, French, German, Greek, Hebrew, Hindi, Hungarian, Indonesian, Italian, Japanese, Korean, Malaysian, Norwegian, Polish, Portuguese, Romanian, Russian, Slovakian, Slovenian, Spanish, Swedish, Thai, Turkish, Ukrainian, and Vietnamese.’

Company website: Code of Ethics
Code of Ethics available to download in multiple languages.

Corporate Governance Guidelines (February 2014), p.4:
‘Each new director will receive a detailed orientation arranged by the Chairman to familiarize the director, on an individual basis, with UTC’s operations and management, the industries in which it operates, its strategic plans, significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics and its internal and independent auditors, as well as the functioning of the Board.’
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A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:

2

Comments:
Based on public information, there is evidence that the company’s ethics and anti-corruption policies are easily understandable and clear to Board members, employees and third parties. The policies are written in comprehensible language without dense, legal terms.

References:
Public:
Code of Ethics (June 2012), p.10:
‘13. Conflicts of Interest
UTC’s directors, officers, employees, and representatives must be loyal to UTC and deal with suppliers, customers and others in a manner that avoids even the appearance of a conflict between personal interests and those of UTC.’

Corporate Policy Manual – Improper Payments (January 2010), p.2:
‘We will not bribe anyone to obtain or retain business, or secure any other advantage, nor tolerate anyone to do so for our benefit, in any market – public or private – anywhere. We intend this policy to be broadly construed and strictly applied.’
‘This Policy against bribery applies to anything of value, including without limitation cash, credits, discounts, gifts in any form or other beneficial actions. It also applies to gifts or favors for family members or friends of the person whose favor is sought, charitable donations to his/her favored causes or institutions or political contributions.’

Non-Retaliation Handbook (February 2013), p.4:
‘To reinforce our long-standing commitment to a safe reporting environment, UTC created a new non-retaliation policy (section 56 in the corporate policy manual). The policy makes it clear that retaliation of any sort is contrary to our core values and will not be tolerated. The Company will protect employees who speak up in good faith or participate in an investigation, and those in a position of authority cannot prevent such activity.'
Furthermore, anyone engaging in retaliatory behavior is subject to disciplinary action, up to possible termination.’

Corporate Governance Guidelines (February 2014), p.4:
‘Each new director will receive a detailed orientation arranged by the Chairman to familiarize the director, on an individual basis, with UTC’s operations and management, the industries in which it operates, its strategic plans, significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics and its internal and independent auditors, as well as the functioning of the Board.’
A18:
Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

2

Comments:
Based on public information, there is evidence that the company’s Code of Ethics explicitly applies to all employees and Board members.

References:
Public:
Code of Ethics (June 2012), p.16:
‘Each director, officer, employee and representative of UTC worldwide must comply with this Code and its implementing supplements and policies.’

p.18:
‘This Code of Ethics has been adopted by UTC’s Board of Directors and applies worldwide. “UTC,” as used throughout this Code, includes UTC’s controlled entities. The Code applies to all directors, officers, employees, and representatives, including consultants and agents.’

Annual Report (2013), p.11:
‘PROMOTING TRUST, RESPECT AND INTEGRITY
The integrity, reputation and profitability of United Technologies depend on the individual actions of our directors, officers, employees and representatives all over the world. Each is responsible and accountable for compliance with our Code of Ethics. And each of us shares the commitment to be world class in all that we do — to aim for outstanding operational and financial performance, the highest ethical conduct in all situations, the safest work environment and the best compliance practices’.
A20:

Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

2

Comments:

Based on public information, there is evidence that the company has a policy on potential conflicts of interest, which applies to both employees and Board members. The policy contains a definition of a conflict of interest and provides numerous examples.

References:

Public:
Code of Ethics (June 2012), pp.10-11:
‘13. Conflicts of Interest
UTC’s directors, officers, employees, and representatives must be loyal to UTC and deal with suppliers, customers and others in a manner that avoids even the appearance of a conflict between personal interests and those of UTC. UTC’s policy entitled “Conflicts of Interest” further defines conflicts, provides guidance on specific subjects, and identifies processes for resolving possible conflicts. UTC’s coverage includes the following:

• The direct or indirect financial or stock ownership interest in UTC suppliers, customers, or competitors;
• Seeking or accepting gifts or any form of compensation from suppliers, customers or others doing business, or seeking to do business with UTC (see the Code Supplement entitled “Business Gifts from Suppliers”);
• Directorships, employment by, or voluntary service rendered to another company or organization;
• A transaction between UTC and a UTC board member, executive officer, significant shareowner, or a transaction between UTC and an immediate family member of a UTC board member, executive officer, or significant shareowner; and
• The personal use of corporate assets (including, for example, tangible property, proprietary information, non-public information, or business opportunities). Actual and potential conflicts must be disclosed to UTC for review.

Actual and potential conflicts must be disclosed to UTC for review. When in doubt, seek guidance from the Business Practices office.’
Corporate Governance Guidelines (February 2014), pp.3-4:

4. Conflicts of Interest

Directors must avoid conflicts of interest and any appearance thereof, as defined by applicable laws and set forth in the UTC Code of Ethics. Prior to beginning service as director, each new director will disclose all situations that could reasonably represent a conflict of interest, by providing relevant financial and other information to UTC. UTC will provide a questionnaire intended to facilitate this process. All directors will update this information as changes occur.

Annually, UTC will survey its directors to affirm compliance with this policy and to ensure that matters are reported publicly as required by applicable laws. These disclosures must include any “related person transactions”, as defined by regulations of the Securities and Exchange Commission and NYSE listing standards. All disclosures will be made to the Corporate Secretary, who together with the Vice President, Global Compliance, will review the circumstances with the Committee on Nominations and Governance or the Board, as appropriate. The Committee or the Board, as applicable, will determine whether a conflict of interest or “related person transaction” exists and decide the appropriate course of action, consistent with UTC’s best interests. The Board has adopted the policy set forth in Attachment B to assist it in reviewing potential related person transactions.

Executive officers are subject to these same requirements.

Any waiver with respect to a conflict of interest or related person transaction for a director or executive officer must be approved by the Committee on Nominations and Governance or the Board.

A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:
2

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of gifts, to ensure that such transactions are bona fide and not a subterfuge for bribery. Gifts are acceptable if they are of a reasonable value and frequency, and not intended in exchange for favourable treatment. There are also clear upper limits for both giving and receipt of gifts.

References:
Public:
The Giving and Receiving of Business Gifts, p. 2:
‘What is UTC’s definition of a “business gift?”
A “business gift” is anything of value given or received as the result of a business relationship and for which the recipient does not pay fair market value. A gift can be in any form. For example: food, theater or sporting event tickets, discount or “all expense paid” trips, promotional items and golf green fees — to name a few — can all be considered business gifts.’
(p.3):
‘UTC policy generally permits the giving (and receiving) of business gifts that are customary business courtesies and are reasonable in value and frequency.
This is a flexible standard and intended to accommodate the range of circumstances worldwide: however, the concepts underlying the standard (“customary”, “courtesies”, “reasonable value”, and “reasonable frequency”) must be viewed against objective standards. Each of these concepts in effect is a limitation — business gifts should be infrequent tokens of esteem.
A business gift is never permitted if:
• prohibited by law or regulation;
• prohibited by more stringent UTC policies applicable to business relationships with U.S. Government employees (see UTC’s Policy Statement on Business Ethics and Conduct in
Contracting with the United States Government) or applicable to UTC employees in purchasing or related functions;
• prohibited by known policies of the employer of the intended recipient;
or
• intended to improperly influence, or would have the appearance of improperly influencing, the recipient.’

(p.4):
‘Business gifts that a UTC employee intends to give must be reported to the employee’s supervisor, whether or not reimbursement is sought from UTC. If the cost is reimbursable by UTC, the full cost must be identified in the employee’s expense report, together with the name and business relationship of the recipient. Supervisors are responsible for assuring strict adherence to UTC policies on business gifts. Business gifts received by a UTC employee must be reported to the employee’s supervisor, except for:
• food and beverage consumed at a business function;
• entertainment (e.g., sporting events or theater having a value of less than $100) when the UTC employee is in travel status; or
• a business gift having a retail value of $50 or less. For the purpose of measuring value, the $50 limit will be applied to each person separately, but the value of a function will be aggregated for each person. For example, cocktails, dinner and theater on the same evening are considered a single function. What about gifts to family members? UTC considers a gift to a spouse or family member to be a business gift if motivated by, or related to, a business relationship. Such gifts are subject to UTC policy in the same manner as other business gifts. This applies both to giving and receiving business gifts’


Code of Ethics (June 2012):
p.6: ‘Business gifts that are customary and reasonable in frequency and value are permitted, generally. A gift is never permitted if intended in exchange for favorable treatment or if prohibited by the policies of the recipient or his/her employer. UTC will not offer or pay any bribe. These issues are addressed in the Code Supplement entitled “Giving and Receiving of Business Gifts.”’
p.11: ‘Seeking or accepting gifts or any form of compensation from suppliers, customers or others doing business, or seeking to do business with UTC (see the Code Supplement entitled “Business Gifts from Suppliers”).

‘Q: Why does UTC care about gifts received by employees?
A: Gifts from those who seek or do business with UTC could influence an employee’s decisions or actions. By obtaining clearance from the business practices office, problems are avoided’.

Business Gifts from Suppliers, p.3:
UTC employees may not solicit any gift, entertainment, or other gratuity.
UTC employees may not accept gifts, entertainment, or other gratuities from anyone seeking a contract with or purchase by UTC (in whatever form including purchase orders or credit card purchases), other than customary business courtesies that are reasonable in frequency and value.’

http://www-prod.utc.com/StaticFiles/UTC/StaticFiles/suppliers_english.pdf
A22:
Does the company’s anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

2

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of gifts, to ensure that such transactions are bona fide and not a subterfuge for bribery. As the company’s definition of a business gift includes hospitality, evidence suggests that regulations for gifts are also applicable to hospitality. There is also evidence of clear upper limits that apply both to giving and receiving of hospitality.

References:
Public:
The Giving and Receiving of Business Gifts, p. 2:
‘What is UTC’s definition of a “business gift?”
A “business gift” is anything of value given or received as the result of a business relationship and for which the recipient does not pay fair market value. A gift can be in any form. For example: food, theater or sporting event tickets, discount or “all expense paid” trips, promotional items and golf green fees — to name a few — can all be considered business gifts.’
(p.3):
‘UTC policy generally permits the giving (and receiving) of business gifts that are customary business courtesies and are reasonable in value and frequency.
This is a flexible standard and intended to accommodate the range of circumstances worldwide: however, the concepts underlying the standard (“customary”, “courtesies”, “reasonable value”, and “reasonable frequency”) must be viewed against objective standards. Each of these concepts in effect is a limitation — business gifts should be infrequent tokens of esteem.
A business gift is never permitted if:
• prohibited by law or regulation;
• prohibited by more stringent UTC policies applicable to business relationships with U.S.
Government employees (see UTC’s Policy Statement on Business Ethics and Conduct in Contracting with the United States Government) or applicable to UTC employees in purchasing or related functions;

- prohibited by known policies of the employer of the intended recipient;

or

- intended to improperly influence, or would have the appearance of improperly influencing, the recipient.’

(p.4):
‘Business gifts that a UTC employee intends to give must be reported to the employee’s supervisor, whether or not reimbursement is sought from UTC. If the cost is reimbursable by UTC, the full cost must be identified in the employee’s expense report, together with the name and business relationship of the recipient. Supervisors are responsible for assuring strict adherence to UTC policies on business gifts.

Business gifts received by a UTC employee must be reported to the employee’s supervisor, except for:

- food and beverage consumed at a business function;
- entertainment (e.g., sporting events or theater having a value of less than $100) when the UTC employee is in travel status;

or

- a business gift having a retail value of $50 or less.

For the purpose of measuring value, the $50 limit will be applied to each person separately, but the value of a function will be aggregated for each person. For example, cocktails, dinner and theatre on the same evening are considered a single function.

What about gifts to family members?

UTC considers a gift to a spouse or family member to be a business gift if motivated by, or related to, a business relationship. Such gifts are subject to UTC policy in the same manner as other business gifts.

This applies both to giving and receiving business gifts’


Code of Ethics (June 2012):

p.6: ‘Business gifts that are customary and reasonable in frequency and value are permitted, generally. A gift is never permitted if intended in exchange for favorable treatment or if prohibited by the policies of the recipient or his/her employer.

UTC will not offer or pay any bribe.

These issues are addressed in the Code Supplement entitled “Giving and Receiving of Business Gifts.”’
p.11: ‘Seeking or accepting gifts or any form of compensation from suppliers, customers or others doing business, or seeking to do business with UTC (see the Code Supplement entitled “Business Gifts from Suppliers”’).  
‘Q: Why does UTC care about gifts received by employees?  
A: Gifts from those who seek or do business with UTC could influence an employee’s decisions or actions. By obtaining clearance from the business practices office, problems are avoided’.  

Business Gifts from Suppliers, p.3:  
‘UTC employees may not solicit any gift, entertainment, or other gratuity.  
UTC employees may not accept gifts, entertainment, or other gratuities from anyone seeking a contract with or purchase by UTC (in whatever form including purchase orders or credit card purchases), other than customary business courtesies that are reasonable in frequency and value.’  

(p.4): ‘A “business gift” is anything of value given as a result of a business relationship, where the recipient does not pay a fair market value. A business gift can be in any form – for example, dinner in a restaurant or club, tickets to the theater, a discount not available to the general public, or an art object.’
A23:
Does the company have a policy that explicitly prohibits facilitation payments?

Score:

1

Comments:
Based on public information, there is evidence that the company has a policy that explicitly prohibits facilitation payments. The company therefore scores 1. To score higher the company would need to provide guidance on how this policy is implemented in practice, for example when facilitation payments are made in response to a threat of physical harm.

References:
Public:
Company website: Enterprise Risk Management
‘Improper Payments
UTC does not pay bribes or conduct facilitating payments anywhere at any time. Doing so is in direct conflict with UTC’s commitment to fair competition.’
A24:

Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:

2

Comments:

Based on public information, there is evidence that the company regulates political contributions in order to prevent corruption or other undue influence. The company does not provide political contributions to officials, political parties, and candidates outside the USA. In the USA the company makes political contributions to state and local candidates in accordance with applicable laws and regulations. All political contributions must receive prior approval from the Senior Vice President, Government Affairs and the Senior Vice President and General Counsel. The Public Issues Review Committee of the Board of Directors is required to review and monitor the company’s governmental relations activities. The company lists recipients of political contributions from 2009 on its website.

References:

Public:

Corporate Policy Manual – Government Affairs (July 2013) p.2:

‘The Corporation shall not make political contributions or provide financial or other support to candidates for public office within or outside the U.S. or to political parties and organizations, including via the UTC Federal Political Action Committee (“UTC PAC”), except in accordance with applicable laws and regulations. All contributions and financial support are subject to the approvals required in Exhibit 1.’

(p.3): ‘UTC does not provide financial support to state candidates, political parties, and organizations, although permitted by law. This includes state and local contributions, contributions made by trade associations to which UTC is a member, ballot measures, and contributions to “527” or 501(c)(4) or similar organizations. These may be approved in exceptional cases only and only with the prior approval of the UTC Senior Vice President, Government Affairs and the UTC Senior Vice President & General Counsel. The Charter of the Public Issues Review Committee of the Board of Directors also requires the Committee to review and monitor “UTC’s conduct of its public policy and government relations activities, including activities of and contributions to political action committees. These
reviews also include state political expenditures, trade associations’ political activities, “527” contributions, ballot measures, and contributions to 501(c)(4) or similar organizations.’

(pp.6-7): ‘4.1 UTC does not make political contributions to U.S. federal candidates, as U.S. law prohibits federal political contributions by corporations. Subject to the exceptions and prior approval requirements described in this Policy, UTC will not provide any financial support to a U.S. federal candidate or federal committee (e.g., Republican or Democratic National Committee), or to a political committee for the direct benefit of a U.S. federal candidate.

4.2 State and local laws may differ, but frequently ban or restrict the amount of allowable political contributions. See, also, section 6.2 below for limitations and reporting obligations in some jurisdictions on personal political contributions made to candidates by UTC directors, officers, and employees.

4.3 UTC does not make political contributions to officials, political parties, and candidates outside the U.S., as these are subject to -- and in many cases are prohibited by -- the U.S. Foreign Corrupt Practices Act and local laws or regulations.

4.4 UTC is permitted to make administrative expenditures in support of its UTC Federal Political Action Committee (“UTC PAC”), and to contribute to organizations formed under Sections 527 and 501(c)(4) of the U.S. Internal Revenue Code (“527 or 501(c)(4) organizations”), but only as approved in advance in accordance with 4.7 below.

4.5 The Corporation also may donate funds to tax-exempt (501(c)) organizations designated by eligible employees who contribute to the UTC PAC. This "PAC Match" program is subject to revision or elimination at any time, at the sole discretion of the Corporation. See Corporate Policy Manual - Section 11 – Charitable and Philanthropic Contributions

4.6 U.S. law regulates donations or contributions to support an event or organization in any way connected to a member of the U.S. Congress. For example, contributions to a charitable event where a U.S. Senator is a chair or is honored may be made only with prior approval (as described in 4.7 below), and may be reportable under UTC’s periodic lobbying reports to the U.S. Congress.

4.7 Because laws governing political activity are complex, contributions and other expenditures must be reviewed carefully to assure compliance with laws and UTC’s Code of Ethics. In all cases, the Corporate Legal Department shall be consulted in advance of making any commitment for financial support to any U.S. or non-U.S. federal, state, or local candidates for political office, political
parties, committees, or 527 organizations (or equivalent), and no contribution shall be offered or made on behalf of the Corporation or its subsidiaries or affiliates without the prior approval of the UTC Senior Vice President, Government Affairs and the UTC Senior Vice President & General Counsel. (Advance approval need not be obtained for the Corporation's support for UTC PAC contributions, if administered by the UTC PAC in accordance with the PAC's bylaws and operating guidelines).’

pp.9-10: ‘6.3 The U.S. Government’s Honest Leadership & Open Government Act of 2007, Public Law No. 110-81 ("HLOGA") imposes reporting requirements for federal political contributions and other politically related payments; restricts UTC’s ability to provide gifts and travel to Members of the U.S. Congress; and requires the Corporation (and certain individuals within the company) to certify that UTC employees have read and are familiar with the House and Senate gift and travel rules and have not offered or provided a gift or travel in violation of the rules (see 6.3.4 below). Specifically, HLOGA requires semi-annual disclosures of the following by UTC:

6.3.1 Contributions of $200 or more made within the prior 6-month period to a federal candidate, officeholder, leadership PAC, or political party committee by UTC;
6.3.2 Contributions of $200 or more made within the prior 6-month period to a Presidential library foundation or Presidential inaugural committee made by UTC or the UTC PAC; and
6.3.3 Payments of any amount (other than those required to be disclosed by the recipient to the Federal Election Commission ("FEC")) by UTC or the UTC PAC:
   a) For the cost of an event to honor or recognize a covered legislative or executive branch official;
   b) To an entity that is named for a covered legislative branch official;
   c) To a person or entity in recognition of a covered legislative branch official;
   d) To an entity established, financed, maintained, or controlled by a covered legislative or executive branch official;
   e) To an entity designated by a covered legislative or executive branch official; and
   f) To pay the costs of a meeting, retreat, conference, or other similar event, held by, or in the name of, one or more covered legislative or executive branch officials.


Code of Ethics (June 2012), p.13:
‘UTC will comply with all national, state and local laws regulating UTC’s participation in political affairs, including limitations on contributions to political parties, national political committees, and individual candidates.
Those who make contacts on behalf of UTC with political parties, candidates, elected officials, or governmental officials must comply fully with all applicable laws and UTC policies (including this Code and UTC’s policy entitled “Government Relations”).’
PUBLIC ISSUES REVIEW COMMITTEE CHARTER (June 2014), p.1:

‘The Committee shall review and monitor:

A. UTC’s positions and responses to significant public policy issues, including but not limited to UTC’s compliance with applicable laws, its policies and objectives with respect to safety, the environment and affirmative action plans for equal employment opportunities, its positions taken in legislative, regulatory and judicial forums, and its actions in furtherance of corporate social responsibility;

B. UTC’s policies and practices with respect to contributions to charitable, educational and other tax-exempt organizations involved in the arts, civic and community affairs, education and health and human services;

C. UTC’s conduct of its public policy and government relations activities, including the activities of any political action committees; and

D. Other matters that may be referred to it by the Board from time to time.’


Company website: Public Activities

‘All of these activities are pursued in accordance with the standards articulated in UTC’s Code of Ethics, which states: “UTC will comply with all national, state and local laws regulating UTC’s participation in political affairs, including limitations on contributions to political parties, national political committees, and individual candidates.”

In addition, UTC’s Corporate Policy Manual (Section 5) permits UTC to support state candidates, political parties, ballot measures, and not-for-profit organizations (e.g., “527” and 501(c)(4) organizations) only as permitted by law. Compliance with, oversight over, and advance approval for such support is provided by the UTC Senior Vice President, Global Government Relations and the UTC Senior Vice President & General Counsel.

Section 5 also supports our belief that political participation is vital to democracy, and UTC encourages its employees to participate as individual citizens in civic affairs. While we encourage employees to engage in the political process and support the political candidates and parties of their choice, employees must do so on their own time and with their own resources; company funds or resources may not be used for personal political activities.

The Public Issues Review Committee of the Board of Directors reviews and monitors “UTC’s conduct of its public policy and government relations activities, including activities of any political action committees.” These reviews also include state political activities, “527”, 501(c)(4), and similar contribution activities.’

U.S. Federal Contributions

Every day, U.S. Government lawmakers make decisions that affect UTC’s businesses, and for this reason, UTC supports candidates for public office who understand the company’s broad business objectives.'
As a matter of policy, UTC makes no corporate contributions to federal or state candidates or political committees. However, we support candidates for federal office through voluntary giving by individual employees to the United Technologies Corporation Federal Political Action Committee ("UTC PAC"). Like virtually all of our peer companies, we offer eligible employees an opportunity to coordinate and maximize the effect of their political efforts by contributing to the PAC, which primarily supports candidates for the U.S. Congress. UTC PAC offers employees, regardless of their political affiliations, a legal and ethical way to speak with a unified voice on issues important to our company.

‘State Contributions’

Corporate contributions to candidates for state-level office are permissible in certain states. However, UTC business units generally made no such contributions to candidates for state offices. Exceptions are reported below.

Section 527, 501(c)(4) and Other Not-For-Profit Activity

UTC generally does not provide financial or other support to such organizations, except as noted below. In cases where a contribution is made, we require the organization to represent that fees are used solely for operating expenses, with no part being used for political contributions.

UTC has in the past and anticipates that it will continue to make contributions to the Democratic and Republican Governors Associations for membership dues only.

Likewise, UTC has provided financial support to federal and state inaugural committees (typically 501(c)(4) organizations) to help defray the costs of public events (e.g., inaugural events) and not for political purposes.

‘Electioneering Expenditures, Ballot Measures and Other Activity’

The U.S. Supreme Court determined in 2010 that corporations may make unlimited expenditures for independent communications to the general public that expressly advocate the election or defeat of a clearly identified federal candidate, or in support of federal, state or local ballot measures, referenda or the like. UTC has not made any such expenditure in the past and has no present plans to spend corporate funds directly on such communications. The Federal Election Commission, which regulates such activity, is considering regulatory changes following this Supreme Court decision, and the U.S. Congress is considering changes in law. UTC may review its position depending on the outcome of these initiatives. Any new policies or practices adopted by UTC would conform to applicable laws and be consistent with UTC’s Code of Ethics and the interests of UTC’s shareowners.

http://www.utc.com/Our-Company/Corporate-Governance/Pages/Public-Activities.aspx

2013-2014 Election Cycle Contributions to candidates for federal-level office

Lists political contributions


2013-2014 Election Cycle Contributions to committees
Lists contributions to committees

2011-2012 Election Cycle Contributions to candidates for federal-level office
Lists political contributions

2011-2012 Election Cycle Contributions to committees
Lists contributions to committees

2009-2010 Election Cycle Contributions to candidates for federal-level office
Lists political contributions

2009-2010 Election Cycle Contributions to committees
Lists contributions to committees
A25:

Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:

2

Comments:

Based on public information, there is evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent. Lobbying is managed by the company’s Office of Global Government Relations. The Senior Vice President, Government Affairs oversees the activities of Corporate Office personnel and operating unit representatives. The Public Issues Review Committee of the Board of Directors is required to review and monitor the company’s governmental relations activities. The company states that its federal lobbying activities can be reviewed via its U.S. Federal Lobbying Disclosure Act filings, and state lobbying activities are subject to regulation and reporting in virtually every jurisdiction in which the company operates.

References:

Public:

Corporate Policy Manual – Government Affairs (July 2013) p.2:

‘Advocacy directed at United States federal, state, and local governments, foreign governments, and international governmental organizations and their officials will be managed by UTC’s Office of Global Government Relations (GGR).’

‘1. Contacts made by or on behalf of United Technologies Corporation (“Corporation” or “UTC”) with the entities or officials described in A. above that involve advocacy on legislative, regulatory, or policy matters shall be reported to and managed by GGR. This includes visits of elected officials and political candidates to UTC facilities. Operating units and Corporate Office departments are responsible for coordinating with the GGR regarding their compliance with applicable federal, state and local reporting obligations, including lobbying registration, reporting of unallowable costs of trade association lobbying, etc.

2. To ensure compliance with pertinent laws and regulations, and to ensure that the Corporation communicates a consistent position on legislative, regulatory or policy matters, the UTC Senior Vice President, Government Affairs shall oversee the activities of Corporate
Office personnel and operating unit representatives based in Washington, D.C and Brussels, Belgium.

(p.5): ‘At least annually and prior to first engaging the services of such third parties, UTC’s operating units will provide the GGR with information (content and format determined by GGR) of all third party lobbyists, sales agents, marketing consultants, etc. who are being used or were used in the preceding 12 months to perform advocacy on new or pending legislative, regulatory, or policy matters or to secure the award of contracts, grants, permits, or other business relationships with government agencies.’

‘The UTC Senior Vice President, Government Affairs oversees and coordinates the activities of Corporate Office personnel and operating unit representatives based in Washington D.C. and Brussels, Belgium who perform activities bearing on the Corporation’s legislative, regulatory and policy interests. Operating unit individuals will report directly to their respective operating unit chief executive or his/her designee, with a dotted-line relationship to the UTC Senior Vice President, Government Affairs. This relationship includes approval by the UTC Senior Vice President, Government Affairs before an individual is selected for an operating unit position within the Corporation’s Washington D.C. office.’

pp.10-11:
‘7.1 HLOGA requires registration and reporting by any person (including any UTC employee) who engages in "lobbying," which is broadly defined to include any written or oral communication related to U.S. federal legislation, regulations, policies or programs (including the negotiation, award or administration of a federal contract, grant, loan, permit or license). Registration and disclosure are not required for a person who spends less than 20% of his/her time on "lobbying activities." Additional information is available at Procedures on Lobbying Registration and Reporting.

7.2 Lobbying and related registration and reporting requirements at the U.S. state or local level vary by jurisdiction. Inquiries should be directed to the UTC Director, State & Local Government Affairs, before engaging in (or engaging the services of a lobbyist to perform) “lobbying,” as defined in local law or regulation.

7.3 Lobbying with respect to a U.S. Government contract, grant, loan, or cooperative agreement may require disclosure under the "Byrd Amendment." See Federal Acquisition Regulation Part 3.8. In addition, the U.S. Government strictly limits the ability of any person to initiate oral communications concerning pending competitive applications for federal assistance (e.g., award of contracts or grants) under the American Recovery and Reinvestment Act of 2009 (“Recovery Act”).

Code of Ethics (June 2012), p.13:
20. Involvement in the Political Process
UTC will comply with all national, state and local laws regulating UTC’s participation in political affairs, including limitations on contributions to political parties, national political committees, and individual candidates.
Those who make contacts on behalf of UTC with political parties, candidates, elected officials, or governmental officials must comply fully with all applicable laws and UTC policies (including this Code and UTC’s policy entitled “Government Relations”).
UTC will not offer or pay any bribe.’

PUBLIC ISSUES REVIEW COMMITTEE CHARTER (June 2014), p.1:
The Committee shall review and monitor:
A. UTC’s positions and responses to significant public policy issues, including but not limited to UTC’s compliance with applicable laws, its policies and objectives with respect to safety, the environment and affirmative action plans for equal employment opportunities, its positions taken in legislative, regulatory and judicial forums, and its actions in furtherance of corporate social responsibility;
B. UTC’s policies and practices with respect to contributions to charitable, educational and other tax-exempt organizations involved in the arts, civic and community affairs, education and health and human services;
C. UTC’s conduct of its public policy and government relations activities, including the activities of any political action committees; and
D. Other matters that may be referred to it by the Board from time to time.’


Company website: Public Activities
‘All of these activities are pursued in accordance with the standards articulated in UTC’s Code of Ethics, which states: “UTC will comply with all national, state and local laws regulating UTC’s participation in political affairs, including limitations on contributions to political parties, national political committees, and individual candidates.”

In addition, UTC’s Corporate Policy Manual (Section 5) permits UTC to support state candidates, political parties, ballot measures, and not-for-profit organizations (e.g., “527” and 501(c)(4) organizations) only as permitted by law. Compliance with, oversight over, and advance approval for such support is provided by the UTC Senior Vice President, Global Government Relations and the UTC Senior Vice President & General Counsel.
Section 5 also supports our belief that political participation is vital to democracy, and UTC encourages its employees to participate as individual citizens in civic affairs. While we encourage employees to engage in the political process and support the political candidates and parties of their choice, employees must do so on their own time and with their own resources; company funds or resources may not be used for personal political activities.
The Public Issues Review Committee of the Board of Directors reviews and monitors “UTC’s
conduct of its public policy and government relations activities, including activities of any political action committees.” These reviews also include state political activities, “527”, 501(c)(4), and similar contribution activities.

UTC’s federal lobbying activities and expenditures can be reviewed in detail via its U.S. Federal Lobbying Disclosure Act filings.

UTC’s state lobbying activities are subject to regulation and reporting in virtually every jurisdiction in which the company or its affiliates do business. As a general rule, the company’s state lobbying efforts are restricted to issues involving building safety and related building codes (e.g., smoke/CO2 detector legislation, elevator and other safety codes); economic development; and various business regulation issues that arise during legislative sessions in key states where the company maintains a substantial business presence (i.e., California, New York, Connecticut, Georgia, Florida, Texas, Illinois, Indiana, Minnesota, Pennsylvania, and North Carolina). UTC’s lobbying activity reports for these states can be accessed by clicking on the name of each state.’

‘UTC and its operating companies may participate from time-to-time in formal and informal coalitions or committees to help communicate our views on public policy issues that affect our business. Examples of this include coalitions on tax and international trade issues. This engagement enables us to share our views and help promote discussion of issues related to our businesses. We expect that the coalition(s) we participate in to disclose our support in the same way they would for any other company, and, at a minimum, as required by federal, state or local lobbying laws and regulations.’

http://www.utc.com/Our-Company/Corporate-Governance/Pages/Public-Activities.aspx
A25(a):

Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:

1

Comments:

Based on public information, there is evidence that the company regulates charitable contributions, in order to prevent undue influence or other corrupt intent. Charitable contributions are prohibited if the purpose is to obtain or retain business or to secure any improper advantage. Operating unit charitable contributions must be reviewed in advance in accordance with Corporate Policy Manual Section 11, and the Public Issues Review Committee is responsible for reviewing all charitable contributions. The Code of Ethics refers to a ‘Charitable and Philanthropic Contributions’ policy however this policy does not appear to be publicly available on the internet. The company therefore scores 1. To score higher the company would need to provide evidence that the recipients of charitable contributions are publically declared.

References:

Public:
Company website: Our Approach
‘We support charitable and social causes in the communities where we do business’.

Corporate Governance Guidelines (February 2014), p.12:
‘9. The Committee has reviewed the transactions described below and determined that such transactions shall be deemed to be pre-approved or ratified (as applicable) by the Committee under the terms of this policy.

d. Any charitable contribution, grant or endowment by UTC to a charitable organization, foundation or university at which a Related Person’s only relationship is as an employee or executive officer, if the aggregate amount involved does not exceed the greater of $1 million, or 2% of the charitable organization’s annual consolidated gross revenues’.

p.2: ‘This Policy against bribery applies to anything of value, including without limitation cash, credits, discounts, gifts in any form or other beneficial actions. It also applies to gifts or favors for family members or friends of the person whose favor is sought, charitable donations to his/her favored causes or institutions or political contributions.

C. POLICY. 3. UTC policy permits, indeed encourages charitable contributions that are consistent with national, state and local laws in an operating unit’s home country. But otherwise legal charitable contributions are prohibited if the purpose is to obtain or retain business or to secure any improper advantage. Operating unit charitable contributions must be reviewed in advance in accordance with Corporate Policy Manual – Section 11’.

Code of Ethics (June 2012), p.13:
‘UTC supports organizations and activities of the communities worldwide in which we reside. We will support worthwhile civic and charitable causes, and employees are urged to participate personally. See UTC’s policy entitled “Charitable and Philanthropic Contributions.”’

Corporate Policy Manual – Government Affairs (July 2013) p.2:
‘Contributions to charitable organizations or fundraising events sponsored or supported by, or in honor of, a member of the U.S. Congress shall be reviewed and approved in accordance with Corporate Policy Manual - Section 11 – Charitable and Philanthropic Contributions.’

PUBLIC ISSUES REVIEW COMMITTEE CHARTER (June 2014), p.1:
‘The Committee shall review and monitor:
A. UTC’s positions and responses to significant public policy issues, including but not limited to UTC’s compliance with applicable laws, its policies and objectives with respect to safety, the environment and affirmative action plans for equal employment opportunities, its positions taken in legislative, regulatory and judicial forums, and its actions in furtherance of corporate social responsibility;
B. UTC’s policies and practices with respect to contributions to charitable, educational and other tax-exempt organizations involved in the arts, civic and community affairs, education and health and human services;
C. UTC’s conduct of its public policy and government relations activities, including the activities of any political action committees; and
D. Other matters that may be referred to it by the Board from time to time.’
A26: Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score: 2

Comments: Based on public information, there is evidence that the company provides written guidance to help Board members and employees understand and implement the company’s ethics and anti-corruption agenda. The Code of Ethics provides a number of questions and answers, and the Non-Retaliation Handbook contains an extensive list of frequently asked questions.

References:
Public:
Code of Ethics (June 2012), pp.3-4:
‘The Code is further explained and implemented by Code Supplements and by policies contained either in the Corporate Policy Manual or the Financial Manual’.

(p.7): ‘QUESTIONS AND ANSWERS...’
Q: Why is product safety so important?
A: Working to avoid physical harm to others is a core value. It’s that simple.
Q: Why is bribery wrong?
A: Bribery is unlawful everywhere, because it destroys the duty of loyalty and destroys trust. Moreover, bribery disrupts the operation of the global, market-based economy, because bribery displaces decisions that otherwise would be based on the merits, such as quality and price. UTC wins on the basis of innovation and productivity and therefore wins when markets operate effectively and efficiently.

IN BRIEF...
• We design, manufacture, and service our products so that the rest of the world can depend on them.
• We compete on the merits.
• We sell our products and services
honestly.
• We protect UTC’s assets.’

(p.9): ‘QUESTIONS AND ANSWERS...
Q: Why is UTC so insistent on accurate records?
A: Inaccurate records don’t tell the story of performance. UTC is committed to performance.
Q: How does government business differ from commercial business?
A: Governments spend public money and thus have layers of highly prescriptive and detailed rules. These rules are intended to assure fairness in bidding, fairness in pricing, and standards of quality. Generally, business arrangements with governments are less flexible than commercial dealings, and the penalties for a breach of the rules can be severe. UTC honors governmental rules and works to uphold public trust.
IN BRIEF...
• We keep accurate and complete records.
• We strictly follow the special rules of government procurement.
• We treat each other fairly and with respect.
• We relentlessly pursue workplace safety.’

(p.11): ‘QUESTIONS AND ANSWERS...
Q: How does UTC protect employee privacy?
A: Personal information is protected by UTC as “Company Private”, meaning that we safeguard it against improper use or disclosure, and we require our contractors to do the same. We notify employees of the general purposes for which we collect and use personal information, and their options for limiting its use. UTC collects, uses, discloses, and transfers personal information consistent with the notice.
Q: Why does UTC care about gifts received by employees?
A: Gifts from those who seek or do business with UTC could influence an employee’s decisions or actions. By obtaining clearance from the business practices office, problems are avoided.
IN BRIEF...
• We communicate honestly with all stakeholders.
• We support and pursue lifelong learning.
• We are loyal to UTC and avoid conflicts of interest.
• We appropriately use and protect information.’

(p.13): ‘QUESTIONS AND ANSWERS...
Q: Why does UTC uphold stringent environmental standards, worldwide?
A: Performing to stringent environmental standards is fundamental to promoting and preserving the health of our employees and our communities – both for today and the
future.
Accordingly, UTC sets aggressive targets to reduce air emissions, energy and water use, waste, and materials of concern from our global sites, supply chain and products.
Q: How do I find the policies referenced in the Code?
IN BRIEF...
• We do not circumvent the Code.
• We treat suppliers fairly and with respect.
• We improve the quality of life in our communities.
• We protect the natural environment.

(p.15): ‘QUESTIONS AND ANSWERS...
Q: If I’m not shipping products out of the country, do I need to worry about rules on international trade?
A: Absolutely. These rules are not always intuitive and can apply to email and even to conversations. Because the penalties can be high, get the training you need and seek advice from the experts. If you are uncertain about whom to ask, contact the business practices office.
Q: Why is collusive bidding wrong?
A: Collusive bidding is cheating, because it denies customers their right to buy the right product at the right price. Collusion also upsets the workings of a market-based economy, because it interferes with decision-making that otherwise should be based on quality and price. UTC wins on the merits, relying on innovation and productivity, and thus UTC wins when the market operates effectively and efficiently.
IN BRIEF...
• We honor the Code as more than a set of rules. It is a guide that helps us deliver on our Commitments.
• We obey the law, perform in good faith, communicate openly, and seek fair outcomes.
• We ask questions, raise concerns, and call attention to problems.
• Put simply, we build trust, show respect, and perform with integrity.’

Non-Retaliation Handbook (February 2013), p.7:
Example
John was hired from a large financial firm and had been an accountant at UTC for 6 months. Three months after he joined, John’s performance was not at the expected level and his supervisor met with him to discuss and agree on a 90-day improvement plan. Sixty days into that plan, with no noticeable improvement in John’s performance, he discovered and reported that the top sales person for the business unit had been cheating on his expense report.

The sales person was terminated on the spot. A few weeks later, John and his supervisor reviewed his performance against the plan; it was clear that John had not met his objective. John had to be let go for performance issues, not because he had reported the sales person’s wrongdoing.

Case #1: Over retaliation
An employee spoke out to his team and manager regarding what he felt were unethical financial practices. Immediately thereafter, the employee’s manager gave him additional furlough time and revoked his Company vehicle. The employee reported the retaliation, which was verified through investigation. The manager was terminated for poor management and for retaliation.

‘Case #2: Subtle retaliation An employee used the Ombudsman/ DIALOG program to raise a concern about a manager’s expense report. No wrongdoing was identified after a thorough documentary review and an interview of the manager. The manager assumed that his assistant had filed the allegation and started to treat her differently; he removed some of her work responsibilities, stopped inviting her to meetings and constantly criticized her work. She reported the retaliation to her BPO, who investigated alongside UTCHQ investigators. The retaliation was verified, and the manager was demoted and transferred.’

FAQs for employees
Am I expected to report a violation of the UTC Code of Ethics?
Yes. All UTC employees, directors and officers are expected to report actual or suspected
misconduct, including violations of law, regulation, policy and procedure (unless such reporting is prohibited or otherwise restricted by law).

What channels are available to me to report a violation or an instance of retaliation? You may raise concerns to your direct supervisor, a human resources manager, a BPO or the legal department – or confidentially by using the Ombudsman/ DIALOG program. How can I remain anonymous? The Ombudsman/DIALOG program provides confidential communication channels. These intermediaries protect the identity of the person raising the issue and also allow for anonymous reporting. You can contact an Ombudsman using a generic email address.

If I report a violation and nothing happens, should I escalate the matter through a different channel? DIALOG queries are generally answered within 14 days; complicated Ombudsman issues may take longer to be resolved. The process works best – and the reporter is most protected – when only one channel of communication is chosen. Allegations are assigned for investigation to the person(s) most likely to ensure impartiality. The process includes regular status updates to the known reporter. If you believe your report is not getting the attention it deserves, you have the right to elevate the issue within the Company and/or talk to your BPO.

What happens if I report misconduct and the allegation is not verified? Whether or not an allegation is substantiated, the reporter will be informed of the matter’s progression and resolution. Regardless of the outcome, you will be protected from retaliation.

What is UTC’s definition of retaliation? As stated in section 56 of the Corporate Policy Manual, UTC considers retaliation to be a negative consequence experienced by an employee for reporting or participating in the investigation of an actual or suspected violation of the Code of Ethics.

How am I protected from retaliation? The Company has adopted a policy that prohibits retaliation and includes discipline (up to and including termination of employment) for those found to have engaged in retaliatory behavior. The Company will vigorously investigate all allegations of retaliation and proactively protect reporters through periodic assessments of career performance benchmarks. UTC has a strong Ombudsman/DIALOG program that allows for anonymous reporting. Remember, however, that the Company can take action to address poor performance by an employee; when justified and measured, these actions are not considered retaliatory.

If I have done something wrong, will following the proper reporting channels absolve me of the wrongdoing? No. If you are personally involved in any wrongdoing, reporting it will not absolve you from accountability – but your cooperation with the investigation will be considered when disciplinary actions are determined.’

(p.13): ‘FAQs for managers

Am I expected to report a violation of the UTC Code of Ethics? Yes. All UTC employees, directors and officers are expected to report actual or suspected misconduct, including violations of law, regulation, policy and procedure (unless such reporting is prohibited or otherwise restricted by law).

What is UTC’s definition of retaliation? As stated in section 56 of the Corporate Policy
Manual, UTC considers retaliation to be a negative consequence experienced by an employee for reporting or participating in the investigation of an actual or suspected violation of the Code of Ethics.

How do I recognize retaliation? Retaliation can take many forms, some of which are blatant and some of which are subtle. Retaliation from a supervisor might be reflected by an adverse action against a subordinate, such as dismissal, a poor performance appraisal, or a reduction in job responsibilities. Peer-to-peer retaliation may involve exclusion from social events during or outside of working hours. Determining whether retaliation occurred can be difficult, because the motive behind actions is key and because events can be interpreted by different people in very different ways. Allegations of retaliation must be examined carefully, case-by-case, and reviewed by persons within UTC who are independent and not directly involved with the matter.

How should I handle/receive a report of retaliation? As you would any other report, act quickly to assess the concern, inform the BPO, and together initiate an investigation. Be mindful of the confidential nature of Ombudsman/DIALOG matters. As much as is permitted by personnel policies, continue to provide feedback to the reporter on the matter’s status. If retaliatory behavior is substantiated, disciplinary action should be swift. With the reporter’s permission, work with human resources to periodically follow up to identify and respond to situations that might reasonably be perceived as retaliatory.

FAQs for managers

How can I avoid behaviors that can be perceived as retaliation? Continue to communicate normally with the person who raises an issue; Watch your tone of voice and body language; Encourage everyone to talk openly about problems; Evaluate employees based on actual performance; Provide meaningful assignments to everyone; Share information needed to get work done; Involve the reporter in social functions; Treat everyone with courtesy, dignity and respect; Move the concern through appropriate channels and continue to provide feedback on its status.

What are the mechanisms in place for protecting reporters? UTC has a strong Ombudsman/DIALOG program that allows for anonymous reporting. Additionally, the Company has adopted a new corporate policy that explicitly prohibits retaliation and includes discipline up to and including termination of employment for those found to have engaged in retaliatory behavior. With the employee’s permission, the Company will also follow up on a regular basis to identify and respond to situations that might reasonably be perceived as retaliatory.’
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score:

1

Comments:

Based on public information, there is evidence that the company has a mandatory training programme on its ethics and compliance systems, which includes an anti-corruption policy. The company therefore scores 1. To score higher the company would need to provide evidence of a specific anti-corruption training module.

References:

Public:
Company website: Ethics & Compliance
‘We provide mandatory ethics training for all employees and investigations training for personnel involved in assessing ethics violations’.

Company website: Education & Training
‘Our online training platforms contain hundreds of training modules covering ethics and compliance issues that impact UTC globally. With certain modules in more than 30 languages, our employees and third-parties complete annual training to familiarize themselves with the laws and regulations most specific to their role. UTC also provides targeted training for persons conducting investigations.’

Video: ‘We provide our employees with the training and resources they need to ensure the many decisions they make are consistent with our high ethical standards. Our employee training platform contains hundreds of individual training modules focussed on ethics and compliance matters. Many of these modules are customised to the particular languages spoken and specific regional issues our employees may face. On top of this, we annually require our managers to lead group employee training on an ethics-related topic’.

http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Education-And-Training.aspx

Global Ethics and Compliance Factsheet (April 2014), p.1:
• Provide ethics and compliance training modules for use by employees and key third
parties, worldwide

- Develop annual UTC-wide training programs to be conducted by supervisors’
A28:
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:

2

Comments:
Based on public information, there is evidence that the company provides training on its ethics and compliance system, which includes an anti-corruption policy, to all employees worldwide.

References:
Public:
Company website: Ethics & Compliance
‘We provide mandatory ethics training for all employees and investigations training for personnel involved in assessing ethics violations’.

Company website: Education & Training
‘Our online training platforms contain hundreds of training modules covering ethics and compliance issues that impact UTC globally. With certain modules in more than 30 languages, our employees and third-parties complete annual training to familiarize themselves with the laws and regulations most specific to their role. UTC also provides targeted training for persons conducting investigations.’

Video: ‘We provide our employees with the training and resources they need to ensure the many decisions they make are consistent with our high ethical standards. Our employee training platform contains hundreds of individual training modules focussed on ethics and compliance matters. Many of these modules are customised to the particular languages spoken and specific regional issues our employees may face. On top of this, we annually require our managers to lead group employee training on an ethics-related topic’.

http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Education-And-Training.aspx

Global Ethics and Compliance Factsheet (April 2014), p.1:
• Provide ethics and compliance training modules for use by employees and key third
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<td>• Develop annual UTC-wide training programs to be conducted by supervisors’.</td>
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</tbody>
</table>
A29: Does the company provide targeted anti-corruption training to members of the Board?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to Board members.

References:

Public: NA
A30: Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score: 1

Comments:

Based on public information, there is evidence that the company has a varied ethics and anti-corruption training programme. The company states that ethics and compliance training modules are customised to specific regional issues that employees face. The company therefore scores 1. To score higher the company would need to provide evidence that their ethics and anti-corruption training programme is tailored for employees facing different levels of risk.

References:

Public:
Company website: Ethics & Compliance
‘We provide mandatory ethics training for all employees and investigations training for personnel involved in assessing ethics violations’.

Company website: Education & Training
‘Our online training platforms contain hundreds of training modules covering ethics and compliance issues that impact UTC globally. With certain modules in more than 30 languages, our employees and third-parties complete annual training to familiarize themselves with the laws and regulations most specific to their role. UTC also provides targeted training for persons conducting investigations.’

Video: ‘We provide our employees with the training and resources they need to ensure the many decisions they make are consistent with our high ethical standards. Our employee training platform contains hundreds of individual training modules focussed on ethics and compliance matters. Many of these modules are customised to the particular languages spoken and specific regional issues our employees may face. On top of this, we annually require our managers to lead group employee training on an ethics-related topic’.  
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Education-And-Training.aspx
A31:
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:
1

Comments:
Based on public information, there is evidence that the company requires disclosure of actual and potential conflicts of interest and advises employees to address any questions to the Business Practices Office. Executive officers must disclose potential conflicts of interest to the Corporate Secretary, who reviews disclosures with the Vice President, Global Compliance. The company therefore scores 1. To score higher the company would need to provide evidence that conflicts of interest are required to be reported in writing or to an independent department.

References:
Public:
Code of Ethics (June 2012), pp.10-11:
‘13. Conflicts of Interest
UTC’s directors, officers, employees, and representatives must be loyal to UTC and deal with suppliers, customers and others in a manner that avoids even the appearance of a conflict between personal interests and those of UTC. UTC’s policy entitled “Conflicts of Interest” further defines conflicts, provides guidance on specific subjects, and identifies processes for resolving possible conflicts. UTC’s coverage includes the following:
• The direct or indirect financial or stock ownership interest in UTC suppliers, customers, or competitors;
• Seeking or accepting gifts or any form of compensation from suppliers, customers or others doing business, or seeking to do business with UTC (see the Code Supplement entitled “Business Gifts from Suppliers”);
• Directorships, employment by, or voluntary service rendered to another company or organization;
• A transaction between UTC and a UTC board member, executive officer, significant shareowner, or a transaction between UTC and an immediate family member of a UTC board member, executive officer, or significant shareowner; and
• The personal use of corporate assets (including, for example, tangible property, proprietary information, non-public information, or business opportunities). Actual and
potential conflicts must be disclosed to UTC for review.
Actual and potential conflicts must be disclosed to UTC for review. When in doubt, seek guidance from the Business Practices office.’

(p.11): ‘Q: Why does UTC care about gifts received by employees?
A: Gifts from those who seek or do business with UTC could influence an employee’s decisions or actions. By obtaining clearance from the business practices office, problems are avoided.’

Corporate Governance Guidelines (February 2014), pp.3-4:
‘4. Conflicts of Interest
Directors must avoid conflicts of interest and any appearance thereof, as defined by applicable laws and set forth in the UTC Code of Ethics. Prior to beginning service as director, each new director will disclose all situations that could reasonably represent a conflict of interest, by providing relevant financial and other information to UTC. UTC will provide a questionnaire intended to facilitate this process. All directors will update this information as changes occur.
Annually, UTC will survey its directors to affirm compliance with this policy and to ensure that matters are reported publicly as required by applicable laws. These disclosures must include any “related person transactions”, as defined by regulations of the Securities and Exchange Commission and NYSE listing standards. All disclosures will be made to the Corporate Secretary, who together with the Vice President, Global Compliance, will review the circumstances with the Committee on Nominations and Governance or the Board, as appropriate. The Committee or the Board, as applicable, will determine whether a conflict of interest or “related person transaction” exists and decide the appropriate course of action, consistent with UTC’s best interests. The Board has adopted the policy set forth in Attachment B to assist it in reviewing potential related person transactions.
Executive officers are subject to these same requirements.
Any waiver with respect to a conflict of interest or related person transaction for a director or executive officer must be approved by the Committee on Nominations and Governance or the Board.’
A32: Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score: 2

Comments:
Based on public information, there is evidence that the company has an explicit commitment to apply disciplinary procedures to employees, Directors and Board members who fail to comply with the Code of Ethics. The company’s anti-corruption policy is contained within the Code of Ethics.

References:
Public:
Code of Ethics (June 2012), p.16:
‘Each director, officer, employee and representative of UTC worldwide must comply with this Code and its implementing supplements and policies.
Managers at all levels of UTC are responsible for creating and fostering a culture of ethical business practices, encouraging open communications, and instilling an awareness of and commitment to this Code of Ethics.
Failure to comply with this Code or any of its requirements will result in appropriate discipline, up to and including discharge. Discipline will be determined by the cognizant operating management in conjunction with the Business Practices office, and principles of fairness and equity will apply’.
A33: 
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

1

Comments:
Based on public information, there is evidence that the company has multiple, well-publicised, secure channels, for employees to report concerns or instances of suspected corrupt activity. These channels include the Legal Department, Human Resources and a Business Practices Officer. In particular, employees can report anonymously using the Ombudsman and DIALOG Programme. However, the Ombudsman and DIALOG Programme Coordinators are company employees, despite operating separately from management. The company therefore scores 1. To score higher the company would need to provide evidence that employees are able to report instances of suspected corrupt activity, to independent and external reporting channels.

References:
Public:
Company website: Ethics & Compliance
‘We provide channels for reporting issues or raising questions, including the confidential Ombudsman/DIALOG program.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Default.aspx

Company website: Ombudsman Program
‘Confidential means that your identity is protected and your name is not revealed. In fact, users of the Ombudsman Program can remain anonymous by not providing their names at all. There are only three exceptions to protecting the identity of users: (a) the person raising the inquiry agrees to disclosure; (b) the company is compelled by a court of law; or (c) an Ombudsman determines, as provided in the IOA Code of Ethics, that the issue poses an imminent risk of serious harm. Because no one is required to use Ombudsman Program, people who choose this channel are considered to have agreed to abide by these principles and not call upon an Ombudsman or DIALOG Program Coordinator to testify or reveal
confidential information. The company has also committed that it will not seek to compel any Ombudsman or DIALOG Program Coordinator to disclose confidential information. UTC and its Ombudsmen have successfully defended this confidentiality in court.

Neutral means that the program facilitates clear and understandable communication while not serving as an advocate for management, an employee or third party. Rather, as a communication intermediary, Ombudsman/DIALOG seeks to facilitate a fair review of issues, reduce the chances of miscommunication and assure that management responds to the inquiry.

Independent means that the Ombudsmen and DIALOG Program Coordinators operate separately from management, even though they are UTC employees working at UTC headquarters in Connecticut, USA. Unlike management, they are not authorized to accept or receive notice of claims against UTC. Confidential Ombudsman/DIALOG information is not available to anyone except the Ombudsmen and the DIALOG Program Coordinators. Ombudsmen are intended, in fact and in appearances, to be free from interference in the performance of their duties.’

‘Yes. The identity of a person using the Ombudsman/DIALOG program will be protected, unless disclosure is compelled by a court of law or there appears to be imminent risk of serious harm.’

http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx

Company website: Non-Retaliation

‘Concerns can be raised through several available channels: management, human resources, the legal department – or the confidential Ombudsman/DIALOG program’.

http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Non-Retaliation.aspx

Code of Ethics (June 2012), p.16:

‘Questions regarding this Code, its application to specific circumstances, and reports of actual or suspected violations can be raised to any level of the supervisory chain, the Legal Department, a Business Practices Officer, Human Resources, or by contacting a UTC Ombudsman or using DIALOG. A Global Business Practices Officer at a business unit, a UTC Area Business Practices Officer, or the Vice President, Global Compliance must be consulted for any interpretive guidance to be authoritative. All allegations of actual or suspected violations must be referred to a Business Practices Officer, the Legal Department, or Ombudsman/DIALOG, unless such reporting is prohibited or otherwise restricted by law.

Since 1986, the Ombudsman/DIALOG program has been available as an alternative communications channel.

Ombudsman/DIALOG is confidential (by protecting the identity of the person raising the issue), neutral (by being the advocate neither of management nor employees), and independent (by operating separately from management). In addition, through the Ombudsman/DIALOG program, questions or concerns can be submitted anonymously.’
DIALOG is a companion process, which operates under the direct control of the Ombudsmen. DIALOG is a written, two-way, communications channel and is intended for less complex issues. DIALOG is available worldwide by mailing a paper form (which is available from DIALOG boxes located in various work areas) or by using a secure, encrypted, internet-based, electronic system, eDIALOG,(https://eDIALOG.confidential.utc.com).

UTC Global Compliance and Business Practices
UTC Business Practices Officers are located worldwide at UTC’s businesses.
UTC Global Compliance and Business Practices Office at UTC HQ can be reached at 860.728.6485 or bpo@corphq.utc.com
Ombudsman/DIALOG
UTC’s Ombudsmen can be contacted toll-free at 800.871.9065
When calling from outside the USA, you must first dial the AT&T Direct access code for your country, which can be found at www.business.att.com/bt/access.jsp.
A written DIALOG inquiry can be submitted by using the forms available throughout UTC, or electronically by a secure, encrypted internet connection at https://edialog.confidential.utc.com.

DIALOG Form, p.2:
'The Ombudsman/DIALOG program provides employees and others an alternative means of communicating business-related issues to UTC management (except those subject to the provisions of a collective bargaining agreement or those restricted by applicable law). Ombudsman/DIALOG is confidential (by protecting the identity of the person raising the issue), neutral (by being the advocate neither of management nor employees), and independent (by operating separately from management).
- Forward this form to the DIALOG Clearinghouse (address on reverse side of this form). If you choose to submit your question in your native language, the DIALOG Program Coordinator (DPC) processing your issue will obtain translations from an outside service which is obligated to maintain confidentiality. Information that could identify you as the writer will be removed before it is forwarded to management for response.
- Management reviews, investigates and responds to DIALOGs. The DPC will review management’s response and return the response to you within a target of 14 days from the date received, if you have provided your home address. Without a return address, a direct response to your DIALOG is not possible; nonetheless, the DIALOG is sent to management for review and any appropriate action.
- As an alternative to using this form, you may submit your DIALOG electronically at https://edialog.confidential.utc.com. Specific instructions for submitting an eDIALOG are
provided at the website. The website is hosted outside of UTC and all transmissions to and from the website are encrypted and secure. To fully assure confidentiality, company computers should not be used for eDIALOG communications.
- If your DIALOG raises a potential ethical or legal concern or deals with a complex issue, it will be referred to a UTC Ombudsman who will contact you to discuss the next steps and available options.
- Should you wish to contact an Ombudsman directly, call: 800.871.9065

When calling from outside the U.S.A., you must add the country code “1” to the telephone number provided above. To make the call free of charge, you can use the AT&T Direct access code for your country which can be found at www.business.att.com/bt/access.jsp. After you enter the access code listen for a prompt (voice or tone) and then enter the number you want to call.

NOTE: The Ombudsman/DIALOG program is a confidential communications channel – an intermediary between you and UTC management. Your contact with the Ombudsman/DIALOG program does not represent formal notice to the company with respect to any legal issue that might affect you.’


Non-Retaliation Handbook (February 2013), p.6:
‘The Ombudsman/DIALOG program provides confidential communication channels. Those who contact the UTC Ombudsmen and the DIALOG Program Coordinators do not have to identify themselves and can remain anonymous. When reporters choose to identify themselves, their identity will be kept absolutely confidential.
Providing contact information is optional and enables the Company to contact you to facilitate the investigation and to provide you with feedback regarding the investigation progress or outcome. If you wish, you can even use non-identifiable information like a generic email address.’

(p.14): ‘UTC Global Compliance and Business Practices
UTC Business Practices Officers are located worldwide at UTC’s businesses.'
UTC Global Compliance and Business Practices Office at UTC HQ can be reached at 860.728.6485 or bpo@corphq.utc.com.
Ombudsman/DIALOG
UTC’s Ombudsmen can be contacted toll-free at 800.871.9065.
When calling from outside the USA, you must first dial the AT&T Direct access code for your country, which can be found at www.business.att.com/bt/access.jsp.
A written DIALOG inquiry can be submitted by using the forms available throughout UTC, or electronically by a secure, encrypted internet connection at https://edialog.confidential.utc.com.
Other Information
The Code of Ethics, Code Supplements and Corporate Policy Manual are posted for employees on the UTC Intranet.
For more information about UTC’s corporate responsibility, visit www.utc.com, and click “Corporate Responsibility.”

Quick Reference Guide (October 2010):
• The Ombudsmen and the DIALOG Coordinators work for UTC HQ.
• Only the Ombudsmen and the DIALOG Coordinators know the identity of any person who submits an Ombudsman/DIALOG inquiry, and an Ombudsman/DIALOG inquiry can be submitted anonymously.’
‘Q. How do I contact an Ombudsman?’
A. UTC Ombudsman can be contacted toll-free at 800.871.9065.
When calling from outside the U.S., toll free, use the appropriate AT&T Direct® Access Code, found at www.business.att.com/bt/access.jsp
‘Q. What are the steps in using DIALOG?’
A. Write a paper DIALOG, using the form in the DIALOG box or downloading it from www.utc.com. Mail the form to DIALOG, UTC, Hartford CT 06101.
Alternatively, use eDIALOG, via a secure internet site, hosted offsite by a contractor independent of UTC, at https://edialog.confidential.utc.com
‘Q. How is confidentiality preserved for eDIALOG?’
A. eDIALOG is a secure, encrypted, web-based system that is hosted offsite by a contractor independent of UTC. It uses a password system which is controlled exclusively by the person who raises an issue. When writing an eDIALOG, the writer creates a personal identifier (alpha and numeric combination) and a tracking code (alpha and numeric combination). The
writer retrieves management’s response by using the self-created identifier and tracking code. There is no other tracking mechanism.

Q. Where is more information available?

A. For details regarding the UTC Ombudsman/DIALOG Program, please go to the web-site http://www.corphq.utc.com/emhand/dialog or to www.utc.com.'

http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:
2

Comments:
Based on public information, there is evidence that across geographies, all employees have access to more than one reporting channel. These channels include the Legal Department, Human Resources and a Business Practices Officer. In particular, employees can report to the Ombudsman and DIALOG Programme online or by telephone worldwide.

References:
Public:
Company website: Ombudsman Program:
‘UTC’s Ombudsmen are available through DIALOG or by telephone worldwide. Communication with an Ombudsman allows you to have an off-the-record discussion and explain your situation in greater detail. For these reasons, you may want to call an Ombudsman to address issues that require explanation, extended discussion or involve complicated facts. The Ombudsman will discuss your available options and next steps in the process.
DIALOG accepts written inquiries only, and is ideal for asking simpler, business-related questions, expressing concerns, suggesting change, reporting a problem or even complimenting someone’s ideas or performance. DIALOG is not as well suited for legal issues or issues that require investigation.
UTC management strives to respond to each DIALOG within 14 days from the date received. If a DIALOG raises a potential ethical or legal concern or deals with a complex issue, the DIALOG Program Coordinator may refer your DIALOG to an Ombudsman. Should your issue be handled by an Ombudsman, it may take longer than 14 days to process.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx

Company website: Ethics & Compliance
‘We provide channels for reporting issues or raising questions, including the confidential Ombudsman/DIALOG program.’
Company website: Non-Retaliation

‘Concerns can be raised through several available channels: management, human resources, the legal department – or the confidential Ombudsman/DIALOG program’.

Code of Ethics (June 2012), p.16:

‘Questions regarding this Code, its application to specific circumstances, and reports of actual or suspected violations can be raised to any level of the supervisory chain, the Legal Department, a Business Practices Officer, Human Resources, or by contacting a UTC Ombudsman or using DIALOG. A Global Business Practices Officer at a business unit, a UTC Area Business Practices Officer, or the Vice President, Global Compliance must be consulted for any interpretive guidance to be authoritative. All allegations of actual or suspected violations must be referred to a Business Practices Officer, the Legal Department, or Ombudsman/DIALOG, unless such reporting is prohibited or otherwise restricted by law.

Since 1986, the Ombudsman/DIALOG program has been available as an alternative communications channel.

Ombudsman/DIALOG is confidential (by protecting the identity of the person raising the issue), neutral (by being the advocate neither of management nor employees), and independent (by operating separately from management). In addition, through the Ombudsman/DIALOG program, questions or concerns can be submitted anonymously.’

(p.17): ‘The UTC Ombudsmen, who are trained mediators, work principally by telephone and can be contacted worldwide by using the toll-free telephone numbers appearing at the end of this Code.’

‘DIALOG is a companion process, which operates under the direct control of the Ombudsmen. DIALOG is a written, two-way, communications channel and is intended for less complex issues. DIALOG is available worldwide by mailing a paper form (which is available from DIALOG boxes located in various work areas) or by using a secure, encrypted, internet-based, electronic system, eDIALOG,(https://eDIALOG.confidential.utc.com).’

(p.21): ‘UTC Global Compliance and Business Practices
UTC Business Practices Officers are located worldwide at UTC’s businesses.
UTC Global Compliance and Business Practices Office at UTC HQ can be reached at 860.728.6485 or bpo@corphq.utc.com
Ombudsman/DIALOG
UTC’s Ombudsmen can be contacted toll-free at 800.871.9065
When calling from outside the USA, you must first dial the AT&T Direct access code for your country, which can be found at www.business.att.com/bt/access.jsp.'
A written DIALOG inquiry can be submitted by using the forms available throughout UTC, or electronically by a secure, encrypted internet connection at https://edialog.confidential.utc.com.
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

2

Comments:
Based on public information, there is evidence that the company has formal and comprehensive mechanisms to assure itself that whistleblowing is not deterred, and that whistleblowers are treated supportively. The company monitors the usage statistics of the Ombudsman and DIALOG Programme, and evidence suggests that requests made using the Programme have led to changes in the company. Also, the company has follow up interviews with whistleblowers, to ensure they are not receiving any unfair treatment.

References:
Public:
Company website: Ombudsman Program
‘Since its inception in 1986, the Ombudsman Program has received more than 100,000 inquiries. The suggestions and requests made in the last five years have led to changes that make UTC a better company – underscoring the importance of the Ombudsman Program.’
‘TOTAL INQUIRIES - 101,413, OMBUDSMAN - 24,103, DIALOG - 77,310’
‘Confidential means that your identity is protected and your name is not revealed. In fact, users of the Ombudsman Program can remain anonymous by not providing their names at all. There are only three exceptions to protecting the identity of users: (a) the person raising the inquiry agrees to disclosure; (b) the company is compelled by a court of law; or (c) an Ombudsman determines, as provided in the IOA Code of Ethics, that the issue poses an imminent risk of serious harm. Because no one is required to use Ombudsman Program, people who choose this channel are considered to have agreed to abide by these principles and not call upon an Ombudsman or DIALOG Program Coordinator to testify or reveal confidential information. The company has also committed that it will not seek to compel any Ombudsman or DIALOG Program Coordinator to disclose confidential information. UTC and its Ombudsmen have successfully defended this confidentiality in court.
Neutral means that the program facilitates clear and understandable communication while not serving as an advocate for management, an employee or third party. Rather, as a communication intermediary, Ombudsman/DIALOG seeks to facilitate a fair review of
issues, reduce the chances of miscommunication and assure that management responds to the inquiry.

Independent means that the Ombudsmen and DIALOG Program Coordinators operate separately from management, even though they are UTC employees working at UTC headquarters in Connecticut, USA. Unlike management, they are not authorized to accept or receive notice of claims against UTC. Confidential Ombudsman/DIALOG information is not available to anyone except the Ombudsmen and the DIALOG Program Coordinators. Ombudsmen are intended, in fact and in appearances, to be free from interference in the performance of their duties.’

[http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx](http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx)

‘With their permission, UTC will further protect known reporters by following up with them on a regular basis to identify and respond to situations that might reasonably be perceived as retaliatory.’
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:
2

Comments:
Based on public information, there is evidence that the company has well-publicised resources available to all employees, where help and advice can be sought on corruption-related issues. Resources include the Legal Department, Human Resources, a Business Practices Officer, and the Ombudsman and DIALOG Programme.

References:
Public:
Company website: Ombudsman Program
‘To foster an inclusive and ethical work environment, UTC provides a safe and confidential channel for employees and third parties to seek guidance, ask questions, make comments and report suspected misconduct. Our Ombudsman Program allows employees and others to ask a question or raise concern in complete confidence.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx

Code of Ethics (June 2012), p.16:
‘Questions regarding this Code, its application to specific circumstances, and reports of actual or suspected violations can be raised to any level of the supervisory chain, the Legal Department, a Business Practices Officer, Human Resources, or by contacting a UTC Ombudsman or using DIALOG. A Global Business Practices Officer at a business unit, a UTC Area Business Practices Officer, or the Vice President, Global Compliance must be consulted for any interpretive guidance to be authoritative. All allegations of actual or suspected violations must be referred to a Business Practices Officer, the Legal Department, or Ombudsman/DIALOG, unless such reporting is prohibited or otherwise restricted by law.
Since 1986, the Ombudsman/DIALOG program has been available as an alternative communications channel.
Ombudsman/DIALOG is confidential (by protecting the identity of the person raising the issue), neutral (by being the advocate neither of management nor employees), and
independent (by operating separately from management). In addition, through the Ombudsman/DIALOG program, questions or concerns can be submitted anonymously.’

Company website: Ethics & Compliance
‘Nearly 500 Ethics and Compliance Officers (ECOs) advise employees, contractors, suppliers, sales agents and other stakeholders on UTC’s ethics, ensuring thorough and appropriate communications, training and appraisals.’
‘We provide channels for reporting issues or raising questions, including the confidential Ombudsman/DIALOG program.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Default.aspx

Company website: Non-Retaliation
‘Concerns can be raised through several available channels: management, human resources, the legal department – or the confidential Ombudsman/DIALOG program’.
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Non-Retaliation.aspx
A35:

Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

2

Comments:

Based on public information, there is evidence that the company has a non-retaliation policy for bona fide reporting of corruption, and that disciplinary measures are applied to employees who breach this policy. In particular, the company has issued a Non-Retaliation Handbook that provides extensive information and advice on non-retaliation.

References:

Public:
Global Ethics and Compliance Factsheet (April 2014), p.1:
‘All employees are expected to speak up when they have concerns or observe misconduct. UTC prohibits retaliation against anyone who in good faith reports or participates in the investigation of an actual or suspected violation of our Code of Ethics. The Company vigorously investigates all allegations of retaliation and disciplines anyone found to have engaged in such conduct.’

Company website: Ethics & Compliance
‘We protect all those who speak up to protect the company through a formal non-retaliation policy and accompanying handbook.’
http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Default.aspx

Company website: Ombudsman Program
‘UTC has a zero tolerance policy for retaliation. Our non-retaliation policy and accompanying handbook reinforces our long-standing commitment to a safe reporting environment that is free of fear, bullying and other negative consequences.
Our company prohibits retaliation against anyone who, in good faith, reports or participates in the investigation of an actual or suspected violation of the Code of Ethics. Concerns can be raised through several available channels: management, human resources, the legal department – or the confidential Ombudsman/DIALOG program. We vigorously investigate
all allegations of retaliation, whether overt or subtle, and take action.

Our non-retaliation handbook is a quick reference to UTC’s non-retaliation policy, with examples of behaviors that could be considered retaliatory, practical tips for supervisors and examples of unacceptable conduct.’

http://www.utc.com/Our-Company/Ethics-And-Compliance/Pages/Ombudsman-DIALOG.aspx

UTC website: Our Company – Ethics and Compliance – Non-Retaliation

‘UTC has a zero tolerance policy for retaliation. Our non-retaliation policy and accompanying handbook reinforces our long-standing commitment to a safe reporting environment that is free of fear, bullying and other negative consequences. Our company prohibits retaliation against anyone who, in good faith, reports or participates in the investigation of an actual or suspected violation of the Code of Ethics. Concerns can be raised through several available channels: management, human resources, the legal department – or the confidential Ombudsman/DIALOG program. We vigorously investigate all allegations of retaliation, whether overt or subtle, and take action. Our non-retaliation handbook provides a quick reference guide to understanding UTC’s non-retaliation policy, describes some behaviors that could be considered retaliatory, practical tips for supervisors and examples of unacceptable conduct’.

United Technologies, Non-Retaliation Handbook (February 2013)


Code of Ethics (June 2012), p.17:

‘UTC prohibits any retribution against any person for reporting anything he/she reasonably believes constitutes a violation or suspected violation. In addition, UTC prohibits any retribution against any employee who raises, in good faith, any concern with respect to policies or practices used within a business.’

Non-Retaliation Handbook (February 2013), p.4:

‘To reinforce our long-standing commitment to a safe reporting environment, UTC created a new non-retaliation policy (section 56 in the corporate policy manual). The policy makes it clear that retaliation of any sort is contrary to our core values and will not be tolerated. The Company will protect employees who speak up in good faith or participate in an investigation, and those in a position of authority cannot prevent such activity. Furthermore, anyone engaging in retaliatory behavior is subject to disciplinary action, up to possible termination.’

(p.5): ‘UTC defines retaliation as a negative consequence experienced by an employee for reporting or participating in the investigation of actual or suspected violations of the Code
of Ethics, which include violations of law or of a UTC policy. The Company prohibits retaliation against anyone who, in good faith, reports or participates in the investigation of an actual or suspected violation of the Code of Ethics. UTC will vigorously investigate any allegation of retaliation. Employees found to have engaged in retaliatory conduct will be subject to discipline, up to and including termination of employment. UTC has a zero tolerance policy for retaliation.’

(p.6): ‘Retaliation of any sort seriously damages our ethical culture and our ethics program. Retaliation puts the Company at risk both internally and externally. Retaliation is contrary to our core values and is prohibited. Retaliation is grounds for discipline, up to and including termination.’

(p.7):

<table>
<thead>
<tr>
<th>Examples of retaliation</th>
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<tbody>
<tr>
<td><strong>Overt</strong></td>
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<tr>
<td>Actual harm to person or property</td>
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<td>Denial of raises and/or promotions</td>
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<td>Harassing emails</td>
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<tr>
<td>Poor performance appraisals</td>
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<tr>
<td>Reduction in job responsibilities</td>
</tr>
<tr>
<td>Reassignment, relocation or transfer</td>
</tr>
<tr>
<td>Termination or demotion</td>
</tr>
<tr>
<td><strong>Subtle</strong></td>
</tr>
<tr>
<td>Exclusion from business meetings</td>
</tr>
<tr>
<td>Exclusion from social events</td>
</tr>
<tr>
<td>Implied threat of harm to person or property</td>
</tr>
<tr>
<td>Professional opinion no longer requested</td>
</tr>
<tr>
<td>Rude and disrespectful behavior</td>
</tr>
</tbody>
</table>

*Victims of subtle forms of retaliation are often unable to prove the intent of the retaliatory behavior. Leaving the organization often seems like the only choice they have. Taking swift, meaningful action against retaliation can help us retain talent.*
Information Sources:

Company website:
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UTC Corporate Governance Guidelines (February 2014):

The Giving and Receiving of Business Gifts (date not known):