Confidence to speak up

Mutual protection

Shared responsibility

Protecting you, protecting UTC.
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DEAR UTC COLLEAGUES

At United Technologies, our goal is to be world class in all that we do – from execution of our operational and financial commitments to execution of our ethics and compliance objectives. We earn the respect of our customers, peers and competitors not just on the merits of our technologies – but on the merits of how we do business.

Operating within the framework of the Code of Ethics, UTC promotes those behaviors that build trust, respect and integrity. When employees, contractors and partners observe or suspect something that contradicts UTC’s Code of Ethics, we encourage them to speak up and report it. Those who speak up to protect our company will be protected in return.

UTC’s non-retaliation policy reinforces our long-standing commitment to a safe reporting environment that is free of fear, bullying and other negative consequences. UTC has zero tolerance for retaliation and activities that impact good-faith reporting – and anyone engaging in retaliatory behavior is subject to disciplinary action, up to possible termination. This handbook was developed to assist UTC employees with recognizing and addressing retaliation.

UTC offers many communication channels for reporting actual or suspected violations of our Code of Ethics. You should feel confident to ask questions or raise concerns directly with your supervisor, a human resources manager, an Ethics & Compliance Officer or the legal department. You can also use UTC’s Ombudsman Program for confidential or anonymous reporting.

Thank you for your commitment to upholding our Code of Ethics and the fundamental values that guide our way of doing business.

Sincerely,

Gregory J. Hayes
President & Chief Executive Officer
The UTC Code of Ethics states that all employees are expected to speak up when they have concerns or when they see misconduct. Section 56 of the Corporate Policy Manual ensures that they can do so without fear of retaliation.

**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.

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.

This statement against retaliation does not exempt any employee from accountability for personal involvement in any wrongdoing.
When you raise a concern to protect the Company, you, in turn, are protected.

Reporting concerns
We know that speaking up is important. We also know that some employees choose not to share their concerns because they fear retaliation\(^1\). At UTC, we believe that a safe reporting environment is critical to maintaining our ethical culture and reputation.

Confidentiality is key
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.

Confidentiality is respected
Whether a report comes to a manager directly or through an Ombudsman, confidentiality is taken seriously. Investigators are chosen for their discretion and ability to ensure impartiality, and any discussions of the matter are strictly limited, involving only those whose input is needed to facilitate a resolution.

Retaliation is prohibited
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.

Whether or not an allegation made in good faith is substantiated, the reporter (if known) will be informed of the outcome and the Company will take steps to prevent retaliation.

The biggest risks are often the ones we don’t know about. The longer we wait to address a problem, the worse it may become. This is why speaking up is so important.

\(^1\) National Business Ethics Survey\textsuperscript{®} 2005. Reasons for not reporting: Fear of retaliation, 46%.
Retaliation can take many forms. It is sometimes overt and sometimes subtle. It is at times inflicted by supervisors and at times by peers. All retaliation is subject to disciplinary action.

### Examples of retaliation

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

### Supervisory retaliation

#### Overt
Jane observes misconduct by an employee and reports the incident to her supervisor. A few weeks later, Jane is notified by her supervisor that she is being suddenly transferred to an organization scheduled for consolidation. No reason is provided to Jane.

#### Subtle
John overheard details of a Code of Ethics violation and reported the conversation to his manager. An investigation ensued and no wrongdoing was found. From that point on, John’s supervisor no longer included him in meetings and his opinion was no longer sought on work activities as it had been prior to his report.

### Peer-to-peer retaliation

#### Overt
Jane observes wrongdoing and reports the incident to her supervisor. Her supervisor initiates an investigation. Meanwhile, Jane begins receiving emails from her coworkers, which contain derogatory names and blame her for “sinking the ship” and “not being a team player.”

#### Subtle
John listens to the details of a Code of Ethics violation during lunch with his coworkers. He reports the conversation to his manager, an investigation ensues, and no wrongdoing is found. John’s coworkers now ignore him when they pass him in the halls, do not sit with him at lunch time, and no longer invite him to social functions.
Well-intentioned actions can be perceived as retaliation, even when it's not the case. It is important for managers to continue to treat a reporter the same before and after a report. If a reporter previously had performance issues, the report does not prevent management from continuing to address those issues.

**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.

**To avoid even the perception of retaliatory behavior, managers should:**

- Continue to communicate normally with the reporter;
- Be aware of your tone of voice and body language;
- Encourage everyone to talk openly;
- Evaluate the reporter based on actual performance;
- Provide meaningful assignments;
- Share information needed to get work done;
- Continue to involve the reporter in social functions;
- Treat everyone with dignity and respect; and
- Move the matter through appropriate channels without delay and continue to provide feedback to the reporter on its status.

**In some cases, employees who report wrongdoing may be on heightened alert and perceive retaliation where there is none.**
The reporting process

Those who speak up in good faith can trust the process. Understanding the reporting process from initial report through final action – and noting where retaliation can occur – is an important component of our reporting responsibility.

1 – Employee speaks up about an actual or suspected violation of the Code of Ethics

**Employee:** The employee will share his or her concerns either directly with management, to a BPO or via the Ombudsman/DIALOG program.

**Management:** Management, directly or through Ombudsman/DIALOG, will receive the allegation, initiate an independent investigation, keep the employee informed of the status or outcome of the investigation, and, with the employee’s permission, follow up on a regular basis to identify and respond to situations that might reasonably be perceived as retaliation.

Speaking up to raise a concern can protect the Company, our employees, suppliers, shareholders and community from negative consequences.

Employees may report directly to management or utilize the anonymous and confidential channels available through the Ombudsman/DIALOG program. There are no “wrong answers” here; employees can choose whatever channel they are most comfortable with.

The system works best – and the reporter is most protected – when only one channel of communication is used. Reporters should follow up with the BPO or management if a target date for resolution has passed without an update. Reporters should immediately notify management or the BPO if they experience retaliation.

As a general rule, management should provide monthly updates to the reporter regarding the status of an investigation.

2 – Employee speaks up about a potential act of retaliation by a supervisor or a peer

**Employee:** The employee will share his or her concerns either directly with management, to a BPO or via the Ombudsman/DIALOG program.

**Management:** Management and the BPO, directly or through Ombudsman/DIALOG, will receive the allegation, initiate an independent investigation, and keep the employee informed of the status or outcome of the investigation. If retaliation is verified, discipline will be imposed.

Management will immediately involve the BPO and swiftly initiate an investigation, involving only those necessary and impartial to the matter at hand. Management will provide regular updates to the reporter regarding the status of the investigation.

Employees found to have engaged in retaliatory behavior are subject to discipline up to and including termination.

Management should then continue to follow up with the reporter on a monthly basis to identify and respond to situations that might reasonably be perceived as further retaliation.
The ability of an employee to raise a concern in complete confidentiality is a critical component of an effective compliance program. Employees who use the Ombudsman/DIALOG program should not tell other people that they have done so, because it compromises their anonymity. Equally important is how managers respond to the concerns raised.

**Tips for managers responding to Ombudsman inquiries:**

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<th>Do</th>
<th>Don’t</th>
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<td>Answer with direct, clear and simple language</td>
<td>Disclose the source of the allegation</td>
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<tr>
<td>Treat the question objectively and fairly</td>
<td>Include any confidential information in your response</td>
</tr>
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<td>Limit discussions to only those necessary</td>
<td>Leave questions, answers, research materials unattended</td>
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<tr>
<td>Shred all DIALOG questions and answers within 30 days of the conclusion of the matter</td>
<td>Breach confidentiality</td>
</tr>
<tr>
<td>Talk to your BPO if you have questions about these DOs &amp; DON’Ts</td>
<td>Send a fax before calling the recipient</td>
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“This message is included in the cover letter accompanying all responses from management to the reporters:

“… As a reminder, the Corporation prohibits retaliation against anyone who, in good faith, reports or investigates an actual or suspected violation of the Code of Ethics. Employees found to have engaged in retaliatory conduct will be subject to discipline, up to and including termination of employment. Should you find yourself in a position where you believe you have experienced or are experiencing retaliation, you are strongly encouraged to come forward and report it directly to management, the Business Practices Office or through the Ombudsman/DIALOG program.”
In April, an employee made a non-confidential report of retaliation to a corporate manager. In the report, the employee noted that he had spoken up during a staff meeting regarding what he felt were unethical or inappropriate financial activities related to his pay.

As noted in the report, immediately after speaking up in the staff forum, the employee’s manager extended the employee’s regularly-scheduled furlough time and took back the Company vehicle. The employee reported the retaliation, which was verified through investigation. The manager was terminated for poor management and for retaliation.

The corporate manager forwarded the matter to the appropriate Regional BPO, who entrusted the investigation to the Local BPO.

A discreet investigation was conducted in May and June, and included interviews only with those necessary to provide factual information regarding the allegation.

In August, a World Headquarters compliance audit was conducted at the business unit involved, and the human resources and legal departments completed the investigation.

Ultimately, the allegation of retaliation was verified. In September, the manager involved was terminated for a variety of reasons including the retaliatory behavior.

Case #1: Overt 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.

In May, an anonymous employee alleged that a manager was claiming reimbursement for inappropriate business expenses. Documents were reviewed and the manager was questioned. In the end, Corporate superiors determined that no wrongdoing had occurred.

The day after the manager was interviewed, he held a meeting with his assistant during which he accused her of filing an Ombudsman report against him. He noted her familiarity with his expense reports and implied that he could no longer trust her.

In July, the manager held an impromptu midyear review with his assistant, after which he shifted some of her regular responsibilities to others. Further, the assistant’s colleagues noted that she was being treated differently – some surmised that the manager’s aim was to force her to quit through a hostile work environment. She was no longer invited to meetings and her work was constantly criticized.

In August, she reported the behavior to her Regional BPO as possible retaliation. The RBPO investigated the matter and interviewed relevant employees.

In September, UTCHQ Business Practices joined the investigation, which was completed in November. Further interviews were held in January per the request of the manager. Retaliatory behavior was verified and the manager was ultimately demoted and transferred.

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.

In May, an anonymous employee alleged that a manager was claiming reimbursement for inappropriate business expenses. Documents were reviewed and the manager was questioned. In the end, Corporate superiors determined that no wrongdoing had occurred.

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In September, UTCHQ Business Practices joined the investigation, which was completed in November. Further interviews were held in January per the request of the manager. Retaliatory behavior was verified and the manager was ultimately 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.
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.

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.
UTC Global Ethics & Compliance
UTC Ethics & Compliance Officers are located worldwide at UTC’s businesses.

UTC Global Ethics & Compliance Office at UTC HQ can be reached at 860.728.6485 or eco@corphq.utc.com.

Ombudsman Program
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 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.”