

GOVERNMENT RELATIONS

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A. SUMMARY

United Technologies Corporation's political activity and advocacy directed at United States federal and state/local governments, foreign governments, and international governmental organizations and their officials is managed exclusively by UTC's Office of Global Government Relations.

B. APPLICABILITY

United Technologies Corporation, its **Business Units**, subsidiaries, divisions, and other controlled business entities and operations ("**Operating Units**"), and all directors, officers, and employees thereof, worldwide (collectively "**UTC**").

C. DEFINITIONS

"**Corporate**" means the **UTC** corporate office and "**Business Unit**" or "**BU**" means Otis Elevator Company, Pratt & Whitney, UTC Aerospace Systems, UTC Climate, Controls & Security, and United Technologies Research Center. "**CPM**" means Corporate Policy Manual. Other **Bold** terms are defined in [Exhibit 1](#).

D. POLICY

1. **UTC's** Office of Global Government Relations ("**GGR**") shall exclusively manage in accordance with [Exhibit 2](#) all advocacy on legislative, regulatory, or policy matters directed at any **Government** (U.S. federal and state/local and non-U.S.) or international governmental organizations, including **Lobbying** and visits of elected officials and political candidates to **UTC** facilities. All **Lobbyists** shall be selected, screened, retained, monitored, and managed in accordance with [CPM 48D: Lobbyists](#). **UTC's** Senior Vice President, Global Government Relations ("**SVP GGR**") shall oversee all **Lobbyists** and **UTC** employees undertaking or involved in the foregoing activities.
2. All political activity, **Political Contributions**, and contributions to support events sponsored by **Government** offices (e.g., national holiday commemorative functions) shall strictly comply with [Exhibit 2](#).
3. All **Business Gifts** and **Sponsored Travel** offered or given by or on behalf of **UTC** to or on behalf of any **Government Official** shall strictly comply with [CPM 48A: Giving Business Gifts](#) and [CPM 48B Sponsoring Third Party Travel](#).
4. All **Philanthropic Donations** by or on behalf of **UTC** to organizations or events sponsored or supported by, or at the direction or in honor of, any **Government Official** shall strictly comply with [CPM 11: Philanthropic Donations](#).
5. All of the foregoing activities shall be pursued and undertaken in strict conformity 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" as well as [CPM 4: Business Ethics and Conduct in Contracting with the United States Government](#) and [CPM 48: Anti-Corruption](#).

E. RESPONSIBILITIES

1. **SVP GGR**, in consultation with UTC Executive Vice President and General Counsel (**EVP GC**), is responsible for interpreting this Policy and reviewing it biennially.
2. The **UTC** Corporate Vice President, Controller, will incorporate controls and testing procedures in applicable common controls matrices, and the **UTC** Corporate Vice President, Internal Audit, will conduct periodic audits (including **Compliance Audits** (see [CPM 34: Global Ethics and Compliance Program](#))), in each case to assess compliance at the **Operating Unit** level. Within the regular scope of its annual financial

audits, UTC's independent auditor will also review such controls and transactions to ensure compliance.

F. REFERENCES¹

¹ [CPM 4: Business Ethics and Conduct in Contracting with the United States Government](#); [CPM 11: Philanthropic Donations](#); [CPM 48: Anti-Corruption](#); [CPM 48A: Giving Business Gifts](#); [CPM 48B: Sponsoring Third Party Travel](#); [CPM 48D: Lobbyists](#).

EXHIBIT 1: DEFINITIONS

Affiliate means an **Entity**:

- that exercises **Control** over the referenced **Entity**; or
- over which the referenced **Entity** exercises **Control**; or
- that, together with the referenced **Entity**, is under common control of another **Entity**.

Business Gift is defined in [CPM 48A: Giving Business Gifts](#).

Control means the power, directly or indirectly, to:

- vote more than 50% of an **Entity's** securities having voting power to appoint members of the **Entity's** governance body; or
- direct or cause the direction of an **Entity's** day-to-day business decisions and policies, whether through the ownership of voting securities, by contract, or otherwise.

Corrupt Payment is defined in [CPM 48: Anti-Corruption](#).

Entity means any corporation, limited liability company, partnership, sole proprietorship, trust, or similar entity, or other organization, whether or not "for-profit."

Government Aviation Authority (GAA) means an aviation authority of any **Government**. For the purposes of this Policy, any **Entity** owned whole or in part by a **Government** (e.g., state owned airline) that sends **GAA Inspectors** to conduct a **GAA Inspection** in connection with **Company** business is a **GAA**.

Government means any:

- government, U.S. or non-U.S., whether at the national, regional, local, or municipal level;
- **Government Aviation Authority (GAA)**;
- airline owned or operated by a government;
- **Entity** acting in an official capacity on behalf of a government;
- **Entity**, company, or business in which a government exerts **Control**;
- political party;
- public international organization (e.g., United Nations, World Bank, World Trade Organization, International Civil Aviation Organization, etc.); or
- department, agency, subdivision, or instrumentality of any of the foregoing.

Government Official means any employee, officer, or director (whether elected or appointed) of a **Government** or any candidate for any position therein.

Lobbying means any:

- contact or communication (written or verbal) by or on behalf of **UTC** with any **Government** or **Government Official**, or an **Affiliate** of or **Related Party** thereto, for the purpose of advocacy on legislative, regulatory, or policy matters or programs (including the negotiation, award or administration of a U.S. federal **Government** contract, grant, loan, permit or license) including, without limitation, contact or communication with any:
 - members or staff of the U.S. Congress;
 - the President, Vice President or political appointees in the U.S. executive branch;
 - general or flag officers in the U.S. military;
 - U.S. state and local government legislatures or agencies with regard to legislation, regulations, treaties, policies or programs (including sales activity, or the negotiation, award or administration of a contract, grant, loan, permit or license);
- other activity that falls within the definition of a lobbying or a lobbyist under any U.S. (federal, state or local) or non-U.S. laws or regulations, and the individual or firm undertaking such activities is expected to discharge obligations (e.g., registration, reporting, etc.) in accordance with such laws or regulations.

For clarity, the determining factor is the nature of contacts, communications, and activities to be undertaken, not

the status or affiliation of the individual or firm; **UTC** employees and **Vendors** other than **Lobbyists** may be deemed to have engaged in **Lobbying** if undertaking one or more of the foregoing activities.

Lobbyist means an existing or prospective **Vendor** selected or retained by **UTC** to furnish **Lobbying**.

Political Contribution(s) means financial or other support by or on behalf of **UTC** (including via the **UTC PAC**) to any candidate for **Government** office (whether elected or appointed) or to any political party or similar **Entity** organized for the purpose of furthering political advocacy or candidate for **Government** office, in each case within or outside the U.S.

Related Party means, with regard to:

- an individual, an immediate or extended family member of such individual including, without limitation, parents, siblings, spouses, uncles, aunts, nephews, and nieces;
- an **Entity**, an **Affiliate** of such **Entity**.

Sponsored Travel is defined in [CPM 48B: Sponsoring Third Party Travel](#).

Third Party means, with regard to:

- an individual, any individual that is not an employee of **UTC** or any **Affiliate** of **UTC**;
- an **Entity**, any **Entity** that is not **UTC** or an **Affiliate** of **UTC** (for clarity, for the purposes of this Policy, **Company** joint venture partners and **Vendors**, and their respective **Affiliates**, are **Third Parties**).

UTC PAC means the **UTC** Federal Political Action Committee.

Vendor means any current or prospective **Third Party** contractor or supplier of materials or services to **UTC**.

EXHIBIT 2: PROCEDURES AND REQUIREMENTS

A. BU REPRESENTATIVES RESIDENT IN GGR OFFICES

SVP GGR shall oversee and coordinate the activities of **Corporate** and **BU** representatives based in Washington D.C. and other offices performing activities bearing on **UTC's** legislative, regulatory and policy interests. **BU** representatives shall report directly to their respective **BU** supervisors, but have a dotted-line relationship to **SVP GGR**. This relationship includes prior approval by **SVP GGR** of candidate **BU** representatives.

B. STATEMENTS ON SIGNIFICANT PUBLIC POLICY ISSUES

All external statements intended to represent **UTC's** official position on significant domestic, foreign, or international public policy issues (e.g., defense, environmental, energy, or tax policy, U.S. foreign relations, international disputes, **Government** subsidies) shall be approved in advance by **SVP GGR** (or designee) and **EVP GC** (or designee). Sufficient advance notice of the proposed statement shall be provided to enable **GGR** and **Corporate** legal counsel to account for the interests of relevant stakeholders (e.g., **Corporate**, **BU**, shareholders, employees, etc.) that are or could be affected by the issue and statement. Such statements include, but are not limited to: **UTC** support for or affiliation with an industry association letter or study on a public policy; comments to be made on a public policy in a speech or at an industry conference; and comments on a public policy to be made to the media. If **GGR** and **Corporate** legal counsel determine that there are conflicting corporate interests within **UTC** with respect to a particular public policy issue, efforts will be made with all the relevant stakeholders to reconcile such interests and identify a unified **UTC** position. If the conflicting interests cannot be reconciled, **SVP GGR** will brief **UTC's** chief executive officer (or designee), who shall determine **UTC's** position on the public policy issue.

C. LOBBYING AND LOBBYISTS

1. All **Lobbying** (undertaken by **UTC** employees or **Lobbyists**) shall be coordinated with **GGR** and approved in advance as follows:

PROPOSED LOBBYING	ADVANCE APPROVAL ²
<ul style="list-style-type: none"> ▪ Executive or legislative branches of U.S. Government (federal, state/local) ▪ U.S. federal Government administrative agencies (e.g., Federal Aviation Administration, International Trade Commission) ▪ Non-U.S. Governments ▪ Government Officials (U.S., non-U.S., elected or appointed) ▪ Officials of quasi-Government agencies (e.g., economic development agencies) for the purpose of negotiating economic assistance or incentives or rebates or the like for UTC ▪ Industry or trade association advocacy on behalf of UTC regarding significant domestic, foreign, or international public policy matters before U.S. or non-U.S. Governments ▪ Grassroot organizations or the pursuit of grassroots efforts involving new or pending legislative, regulatory, contract, or policy matters <i>or</i> ▪ Electioneering, issue advertising, or similar political communications or support, whether directly or indirectly through organizations such as trade associations, philanthropic organizations, or other entities (e.g., so-called "527" or "501(c)(4) organizations). 	<p>SVP GGR / designee</p>
<ul style="list-style-type: none"> ▪ Witten or oral testimony to U.S. Congress or other legislative or administrative bodies of any Government (U.S. federal or state/local, or non-U.S.) 	<p>SVP GGR / designee EVP GC / designee</p>

2. All **Lobbyists** shall be selected, screened, retained, monitored, and managed in strict conformity with [CPM 48D: Lobbyists](#).

² These approval requirements do not apply to contacts or communications that do not bear directly on the **UTC's** advocacy of legislative, regulatory, or policy matters (e.g., communications related to the performance of contracts, grants, or permits; responses to **Government** subpoenas or other legal process; or contacts with industry associations regarding matters of common interest to the association's field of membership).

3. **Corporate** and the **BUs** are responsible for coordinating with the **GGR** regarding their compliance with applicable U.S. (federal and state/local) and non-U.S. **Government** registration, disclosure, and reporting obligations, including the following:
 - a. The Honest Leadership & Open Government Act of 2007, Public Law No. 110-81 (“HLOGA”) requires registration and reporting by any person (including any **UTC** employee or **Lobbyist**) who engages in **Lobbying** with the U.S. federal **Government**. Registration and disclosure are not required for individuals who spend less than 20% of their time on **Lobbying**. Additional information is available at [Procedures on Lobbying Registration and Reporting](#).
 - b. **Lobbying** with respect to a U.S. federal Government contract, grant, loan, or cooperative agreement may also require disclosure under the “Byrd Amendment.” [See Federal Acquisition Regulation Part 3.8](#). In addition, the U.S. federal **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”).
 - c. **Lobbying** and related registration and reporting requirements at the U.S. state/local level vary by jurisdiction. Inquiries should be directed to **SVP GGR/designee**, before engaging in **Lobbying** or engaging the services of a **Lobbyist** for U.S. state/local advocacy.
4. At least annually, **Corporate** and each **BU** shall furnish a report to **GGR** (content and format determined by **GGR**) of all **Lobbying** (undertaken by **UTC** employees or **Lobbyists**) during the preceding 12 months. This information shall be provided by **Operating Units** newly-acquired by **UTC** within 6 months of closing.

D. VISITS OF POLITICAL CANDIDATES AND ELECTED OFFICIALS TO UTC FACILITIES

1. Campaigning at **UTC** facilities by political candidates is strictly regulated by U.S. and non-U.S. laws and is highly discouraged (e.g., if a candidate for a particular office, including an incumbent, campaigns at a **UTC** facility, all candidates for the same office must be given the same opportunity if requested). Examples of campaigning include distributing literature, soliciting financial support, or statements by either the public official or **UTC** representatives that advocate support in any election. **SVP GGR/designee** and **Corporate** legal counsel must approve any visit to a **UTC** facility that includes campaigning.
2. Elected officials, including those who are seeking re-election or election to a different office, are permitted to visit **UTC** facilities in their capacity as an officeholder to speak on issues of concern to **UTC**, subject to the following limitations:
 - All visits require advance coordination with **GGR**. **GGR** personnel will make every effort, including participation in the event (if warranted), to support these official visits to **UTC** facilities;
 - Visits by incumbent candidates seeking re-election within sixty (60) days of election day are prohibited. Exceptions to this prohibition may be made in rare circumstances and require advance approval of **SVP GGR** and **Corporate** legal counsel; and
 - Facility regulations regarding access, security, photographs, etc. must be followed.

E. POLITICAL ACTIVITY BY THE COMPANY

1. **UTC** and its employees have a legitimate interest in participating in public policy debates. **UTC’s** government relations initiatives are intended to educate and inform officials and the public on a broad range of public policy issues that are important to its businesses. These initiatives shall be consistent with the interests of **UTC’s** shareholders, and not be based on the personal agendas of individual directors, officers, or employees, and typically do not include **Political Contributions**.
2. U.S. law allows **UTC** to solicit its “restricted class” of employees to make (on a voluntary basis) private political contributions in their personal capacities to candidates for U.S. federal office, federal and political party organizations, as well as to the **UTC PAC**. **UTC** narrowly defines its “restricted class” to directors, officers, and Level 1-5 employees who are U.S. citizens or permanent resident aliens. All solicitations of

private political contributions and the contents thereof require advance approval by **SVP GGR** and **EVP GC**; provided, however, that proposed solicitations of private political contributions to **UTC PAC** require advance approval of **SVP GGR's** designee and **Corporate** legal counsel.

3. **UTC PAC** is non-partisan. It contributes to candidates supportive of **UTC's** corporate business interests and public policy goals, regardless of political party, and also to national political organizations of both major parties. The bylaws of **UTC PAC** provide basic organizational material and incorporate Federal Election Commission regulations. A Steering Committee meets monthly to review candidates and approve contributions. The Steering Committee considers the following factors in deciding the timing and amount of contributions to candidates:
 - The candidate's views (and voting record, in the case of incumbents) on issues critical to **UTC's** success;
 - The presence of **UTC** facilities in the candidate's district;
 - The congressional committees on which the legislator serves (in the case of incumbents); and
 - The strength of the candidate and impact a contribution and implied **UTC** endorsement might have on the race.

In addition to its bylaws, **UTC PAC** shall adhere to the following principles:

- Participation by eligible employees is always voluntary;
 - **UTC PAC** shall not seek, request, or expect any specific benefit for its contributions to candidates or for any official act;
 - **UTC PAC** reports its contributions to elected officials and candidates as required by law, and to **UTC PAC** contributors periodically; and
 - **UTC PAC** contributions are intended primarily for individuals seeking U.S. federal elective office. Contributions to leadership PACs, multi-candidate PACs, and organizational or association PACs are made only after the most careful and deliberate consideration.
4. **UTC** joins trade associations to share with other companies in our industries business, technical, and standards expertise and to be part of an important public education effort regarding major issues of common concern to our industries. **UTC** does not join trade associations for political purposes, and we do not expect or support those associations of which we are a member to make political contributions or to be otherwise engaged in the political campaign process. Our participation in trade associations is subject to management oversight and membership requires management approval. Guidelines on trade association participation are provided in the **UTC Code of Ethics**, supplements to the Code, [CPM 3: Antitrust Compliance](#), and [CPM 7: Conflict of Interests](#).
 5. The U.S. Supreme Court determined in early 2010 that corporations may make unlimited expenditures for communications to the general public that expressly advocate the election or defeat of a clearly identified federal candidate, provided the expenditures are independent of and not coordinated with any individual's campaign. **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, however, conform to applicable laws and be consistent with **UTC's** Code of Ethics and the interests of **UTC's** shareowners.

F. POLITICAL ACTIVITY & REPORTING BY DIRECTORS, OFFICERS, AND EMPLOYEES

1. **UTC** encourages individual employees in their personal capacity to engage in political activity by contributing financial and other support to candidates and political parties of their choice, participating in local political activities, voting in elections, attending caucuses and conventions, and seeking and holding public office. Persons engaged in these activities must do so on their own time and not as representatives of (or otherwise on behalf of) **UTC**, and shall not use **UTC's** resources (e.g., work time, e-mail, administrative staff, etc.) to undertake or facilitate such activities.
2. Some jurisdictions and their political subdivisions regulate political activity by companies and their

directors, officers, and employees that do business with the state or subdivision. So-called “pay to play” laws often prohibit or require reporting of political contributions by a state contractor or its directors, officers, and employees who are involved in performing one or more contracts with the state or subdivision. If you or a covered family member intends to make a private political contribution in your personal capacity in any jurisdiction that has a pay-to-play law, you are responsible to ensure that it will not affect the ability of **UTC** to contract with that jurisdiction. Because these regulations vary widely in scope and are difficult to apply, you are encouraged to consult the **UTC** Legal Department before making a private political contribution in your personal capacity to a candidate for U.S. state/local office.

G. POLITICAL CONTRIBUTIONS

1. **UTC** shall *not* make **Political Contributions** to candidates for U.S. federal **Government** office, as U.S. law prohibits corporations from offering or making such contributions. Subject to the exceptions and prior approval requirements described in this Policy, **UTC** shall *not* provide any financial support to a U.S. federal committee (e.g., Republican or Democratic National Committee) or to a political committee for the direct benefit of a U.S. federal candidate.
2. U.S. state/local laws may differ, but frequently ban or restrict the amount of allowable **Political Contributions** to candidates for U.S. state/local office. Accordingly, as a matter of policy, **UTC** does *not* make such **Political Contributions** (exceptions require advance approval pursuant to Section G7 below).
3. **UTC** shall *not* make **Political Contributions** to candidates for or incumbents of non-U.S. **Government** office, 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. **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 Section G7 below.
5. **UTC** also may donate funds to U.S. tax-exempt (501(c)) organizations designated by eligible employees who contribute to **UTC PAC**. This “PAC Match” program is subject to revision or elimination at any time, at the sole discretion of the Corporation. See [CPM 11: Philanthropic Donations](#).
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 and may require reporting of such contributions in **UTC’s** periodic lobbying reports to the U.S. Congress. Accordingly, such contributions require advance approval pursuant to Section G7 below. **Philanthropic Donations** to a charitable event or organization at the behest or on behalf of a member of the U.S. Congress, or where a member of the U.S. Congress is a chair or is honored, may be made only with prior approvals pursuant to [CPM 11: Philanthropic Donations](#).
7. Because laws governing political activity are complex, **Political Contributions** must be reviewed carefully to assure compliance with laws and **UTC’s Code of Ethics**. In all cases, the **Corporate** legal counsel shall be consulted in advance of making any **Political Contribution** (including, without limitation, any commitment for financial support to any candidate for U.S. state/local **Government** office or to any U.S. federal or state/local political parties, committees, or 527 organizations (or equivalent)), and no **Political Contribution** shall be offered or made on behalf of **UTC** or its **Affiliates** without the prior approval of the **SVP GGR** and the **EVP GC**; provided that, advance approval need not be obtained for **UTC’s** support for **UTC PAC** contributions, if administered by the **UTC PAC** in accordance with the **PAC’s** bylaws and operating guidelines. Under no circumstances shall any **Political Contribution** be offered or made that would constitute or create the appearance of a **Corrupt Payment**.
8. HLOGA imposes reporting requirements for federal political contributions and other politically related payments, restricts **UTC’s** ability to provide **Business Gifts** or **Sponsored Travel** to Members of the U.S. Congress, and requires **UTC** (and certain individuals within **UTC**) to certify that **UTC** employees have read and are familiar with the House and Senate rules and have not offered or provided a **Business Gifts** or

Sponsored Travel in violation of the rules. Specifically, HLOGA requires semi-annual disclosures of the following by **UTC**:

- Contributions by **UTC** of \$200 or more made within the prior 6-month period to any U.S. federal candidate, officeholder, leadership PAC, or political party committee;
- Contributions by **UTC** or **UTC PAC** of \$200 or more made within the prior 6-month period to a Presidential library foundation or Presidential inaugural committee; and
- 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**:
 - For the cost of an event to honor or recognize any covered legislative or executive branch official;
 - To any **Entity** that is named for a covered legislative branch official;
 - To any individuals or **Entity** in recognition of a covered legislative branch official;
 - To any **Entity** established, financed, maintained, or controlled by a covered legislative or executive branch official;
 - To any **Entity** designated by a covered legislative or executive branch official; and
 - 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.

H. CONTRIBUTIONS TO SUPPORT EVENTS SPONSORED BY GOVERNMENT OFFICES

1. **UTC** may make contributions to support events sponsored by international posts of the U.S. State Department (e.g. U.S. embassies and consulates); provided that, the contributions are permitted by applicable law, modest in amount, intended to directly support events held by such international posts that are commemorative in nature (e.g., national holidays), and approved in advance by **SVP GGR**/designee and **CVP GEC**/designee. Contributions to commemorative events other than U.S. Independence Day are discouraged, and shall not exceed an annual aggregate contribution by **UTC** and **BUs** of USD500. Duly approved contributions shall be paid directly to the registered bank account of the international post and shall be accompanied with the following statement: "United Technologies Corporation serves customers in the commercial aerospace, defense, and building industries through subsidiaries and affiliates worldwide. Aspects of UTC's business are subject to U.S. Department of State regulation, including the issuance of licenses and approvals governing the export or re-export of products, software, services and technology and other trade-related activities. This donation is unconditional and not in exchange for any official action by the U.S. Department of State or its international posts. This donation is also provided with the understanding that the U.S. Department of State has authority to accept the donation and will use the donation only for authorized purposes."
2. Contributions to events sponsored by other U.S. federal **Government** offices, U.S. state/local **Government** offices, and non-U.S. **Government** offices are highly discouraged, and require advance approval on an exception basis by **SVP GGR** and **CVP GEC**.
3. Under no circumstances shall any contribution be offered or made that would constitute or create the appearance of a **Corrupt Payment**.

I. COST ALLOWABILITY

Political activities described above impact **UTC's** tax and U.S. federal **Government** cost accounting, including employee salary expense. Tax reporting will be handled as required by the **UTC** Corporate Vice President, Tax. All direct and indirect costs will be reviewed for U.S. federal **Government** cost allowability purposes in accordance with section 29.29.8 of UTC's Financial Manual.