

Government Affairs

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Code of Ethics

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A. SUMMARY

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 Government Affairs (OGA).

B. APPLICABILITY

This Policy applies to the Corporation and its subsidiaries, divisions and other business entities it controls worldwide.

C. POLICY

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 OGA. This includes visits of elected officials and political candidates to UTC facilities. Operating units and Corporate Office departments are responsible for coordinating with the OGA 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.

3. 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](#).

4. Gifts offered or made to or on behalf of government officials of any kind shall adhere to Corporate Policy Manual Sections 4, 11, and 48, and [Exhibit 2](#). Consult with your operating unit or UTC Legal Department and Business Practices Officer in advance of offering or making any gifts to or on behalf of government officials.

5. 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](#).

6. 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 permits UTC to provide financial support to state

candidates, political parties, and organizations as permitted by law, and only after 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 requires the Committee to review and monitor “UTC’s conduct of its public policy and government relations activities, including activities of any political action committees.” These reviews also include state and “527” contribution activities.

D. PROCEDURES

See Exhibits 1 & 2.

E. REFERENCES

- **Corporate Policy Manual - Section 4 - Business Ethics and Conduct in Contracting with the United States Government**
- **Corporate Policy Manual - Section 11 – Charitable and Philanthropic Contributions**
- **Corporate Policy Manual - Section 17 – Procurement of Services**
- **Corporate Policy Manual - Section 48A – Non-Employee Sales Representatives**
- **Corporate Policy Manual - Section 48 – Improper Payments**

F. REVIEW

The UTC Senior Vice President and General Counsel and the Senior Vice President, Government Affairs shall review and reissue this policy at 2-year intervals following its issuance.

(Last reviewed – March 2011)

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EXHIBIT 1

1.0 Communications with the U.S. Government, State Governments, Foreign Governments, International Governmental Organizations, and Industry or Trade Associations

- 1.1 Communications made on behalf of the Corporation with the following organizations and officials that involve advocacy on new or pending legislative, regulatory, or policy matters will be coordinated in advance with the Office of Government Affairs (OGA):
- The executive and legislative branches of the U.S. federal or state governments;
 - U.S. administrative agencies (e.g., Federal Aviation Administration, International Trade Commission);
 - Foreign governments and international governmental organizations (e.g., World Trade Organization, International Civil Aviation Organization);
 - Industry or trade associations involved in advocacy of legislative and regulatory matters before federal and state legislatures on behalf of the Corporation rather than their general membership;
 - Elected and appointed officials of any other government or quasi-government entities;
 - Elected and appointed federal, state or local government officials or officials of quasi-government agencies (e.g., economic development agencies) for the purpose of negotiating incentives, rebates, or similar arrangement for paying relocation assistance, tax rebates, etc. to UTC or its operating companies;
 - Grassroots organizations or the pursuit of grassroots efforts involving new or pending legislative, regulatory, contract, or policy matters; and
 - Electioneering, issue advertising, or similar political communications or support, whether engaged in directly or indirectly through other organizations such as trade associations, charitable organizations, and other entities (e.g., so-called “527 organizations”).
- 1.2 Written or oral testimony proposed to be given to the U.S. Congress or other federal, state, or foreign government legislative bodies shall be reviewed in advance by OGA, the Corporate Office Legal Department, and the Corporate Office Communications Department.
- 1.3 The above requirements do not apply to contacts or communications that do not bear directly on the Corporation's advocacy of legislative, regulatory, or policy matters. For example, 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. However, this Policy shall apply to the use of lobbying firms and other representatives (e.g., sales agents or government marketing consultants under [Policy Manual - Section 17](#)) for the purpose of securing the award of contracts, grants, permits, or other business relationships with government agencies.

- 1.4 At least annually and prior to first engaging the services of such third parties, UTC's operating units will provide the OGA with information (content and format determined by OGA) 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. This information will first be provided by companies newly-acquired by UTC within 6 months of closing the acquisition. Excepted from this requirement are non-employee sales representatives approved in accordance with Corporate Policy Manual [Section 48A](#).

2.0 Operating Unit Representatives Resident in the Washington, DC Office

- 2.1 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.

3.0 Visits Of Political Candidates And Elected Officials To UTC Facilities

- 3.1 Campaigning at UTC facilities by political candidates is strictly regulated by U.S. federal and state laws and is discouraged. Generally, if a candidate for a particular office, including an incumbent, campaigns at a UTC facility, and 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. OGA and the Corporate Office Legal Department must approve any visit to a UTC facility that includes campaigning.
- 3.2 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 the organization, subject to the following limitations:

- 3.2.1 All visits require advance coordination with OGA. Visits by state and local officials must be coordinated with the UTC Director, State and Local Government Affairs. OGA personnel will make every effort, including participation in the event (if warranted), to support these official visits to UTC facilities.
- 3.2.2 Visit requests or invitations involving incumbent candidates that are scheduled near election dates require a determination by OGA and the Corporate Legal Department whether the visit involves campaigning, and, if so, the approvals in Section 3.1 must be obtained in advance.
- 3.2.3 Facility regulations regarding access, security, photographs, etc. must be followed.

4.0 Political & Related Contributions

- 4.1 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 Contributions to officials, political parties, and candidates outside the U.S. 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 the UTC Federal Political Action Committee ("UTC PAC"), and to contribute to organizations formed under Section 527 of the U.S. Internal Revenue Code ("527 organizations").
- 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).

5.0 Political Activity By the Corporation

- 5.1 United Technologies and its employees have a legitimate interest in participating in public policy debates. UTC's government affairs initiatives are intended to educate and influence officials and the public on a broad range of public policy issues that are important to the company's businesses. These initiatives are consistent with the interests of UTC's shareowners, and not based on the personal agendas of individual directors, officers, or employees. In addition, these efforts are supplemented by voluntary giving by individual employees to the United Technologies Corporation Federal Political Action Committee, as described below; by membership in trade associations; and by encouraging grassroots support by our employees and others for issues that affect our business objectives.
- 5.2 U.S. law allows a corporation to communicate with its employees and to solicit contributions from its "restricted class" for the UTC PAC, U.S. federal candidates, and federal and political party organizations. UTC defines its "restricted class" to include directors, officers, and Level 1 through 5 employees who are U.S. citizens or permanent resident aliens. The 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 the UTC PAC provide basic organizational material and incorporate Federal Election Commission regulations. An 11-member Steering Committee meets monthly to review candidates and approve contributions. The Steering Committee consists of four employees from the UTC Washington Office and one from each of our major business units - Hamilton Sundstrand, Pratt & Whitney, Carrier, UTC Fire & Security, Sikorsky, Otis and UTC Power.

In addition to its bylaws, the UTC PAC adheres to the following principles:

- Participation by eligible employees is always voluntary;

- The PAC does not seek, request, or expect any specific benefit for its contributions to candidates or for any official act;
- The Steering Committee will report its contributions to elected officials and candidates as required by law, and to PAC contributors periodically; and
- PAC contributions are intended primarily for individuals seeking 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.

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 the impact a contribution and implied UTC endorsement might have on the race.

5.3 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. We do not join trade associations for political purposes and we do not expect 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 and supplements to the Code, and these are available to all UTC employees.

5.4 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.

- 5.5 Any solicitation of private contributions or communications and the contents thereof must be approved in advance by the UTC Senior Vice President, Government Affairs, and the UTC Senior Vice President & General Counsel; provided, however, that proposed solicitations of the Corporation's restricted class by the UTC PAC need only be approved in advance by the Corporate Office Legal Department and OGA.

6.0 Political Activity & Reporting By Directors, Officers and Employees

- 6.1 The Corporation encourages employees in their personal capacity to engage in political activity, by contributing financial and other support of 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) the Corporation, and shall not use the Corporation's resources (e.g., work time, e-mail, administrative staff, etc.).
- 6.2 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. See 4.2. above. If you or a covered family member intends to make a political contribution in any jurisdiction that has a pay-to-play law, you are responsible to ensure that it will not affect the ability of UTC business units to contract with that jurisdiction. Because these regulations vary widely in scope and are difficult to apply, the UTC or operating unit Legal Departments are available to review proposed contributions by a director, officer or employee of the Corporation or its affiliates to a candidate for state or local or local office.
- 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.
- 6.3.4 Gifts and travel offered or made to a Member or an officer or employee of the U.S. Congress must be in accordance with **Senate** or **House** rules. See **Exhibit 2** for a summary thereof. Keep in mind that officers and employees of the Executive Branch of the U.S. Government are subject to different rules. See Section 8.0 below and consult your unit’s or Corporate legal department if you have questions.

7.0 "Lobbying" and Related Activities

- 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”).

8.0 Gifts to Government Officials

- 8.1 Gifts offered or made to or on behalf of U.S. and other government officials at any level shall adhere to **Corporate Policy Manual - Section 4 - Business Ethics and Conduct in Contracting with the United States Government** ; **Corporate Policy Manual - Section 11 – Charitable and Philanthropic Contributions** ; and **Corporate Policy Manual - Section 48 – Improper Payments** .
- 8.2 In general, Section 4 pertains to gifts to U.S. Government personnel. Further, Executive Order 13490 of January 21, 2009 prohibits registered lobbyists and their employees, which includes all employees of UTC, from providing “gifts” to any person who was appointed on or after January 20, 2009 (i) to a position in the Executive Branch, (ii) by the President or Vice President, and (iii) confirmed by the U.S. Senate. It also extends to non-career Senior Executive Service members and those appointed to a position excepted from the competitive service. A “gift” means anything of value, including meals and travel, to the appointee or his/her close family, or to any other person, including charities, recommended by the appointee. There is no exception for items of *de minimis* value, widely-attended events, meals in foreign areas, or social invitations, although other exceptions may apply on a case-by-case basis.

9.0 Cost Allowability

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

