

## AUDIT COMMITTEE CHARTER

APRIL 30, 2018

### I. Purpose

The Audit Committee (“Committee”) is appointed by the Board of Directors (“Board”) to assist the Board in 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 Company’s compliance with its policies and procedures, internal controls, Code of Ethics and applicable laws and regulations; policies and procedures with respect to risk assessment and management; and such other responsibilities as delegated by the Board from time to time. The Committee provides the opportunity for an open and candid dialog on these issues among the Committee members, management, the independent auditor, and the internal auditor.

The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “Commission”) to be included in UTC’s annual proxy statement.

### II. Composition

The Committee shall be composed of not less than three directors appointed by the Board. The members of the Committee shall meet the independence and financial literacy requirements of the New York Stock Exchange and Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”). At least one member of the Committee shall qualify as an audit committee financial expert, as that term is defined in rules of the Commission. Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

### III. Meetings

The Committee shall meet at least four times annually and additional meetings shall be scheduled as appropriate, including to review quarterly and annual financial results. The Committee shall meet periodically with management (including the CFO and the principal accounting officer), the internal auditor and the independent auditor in separate executive sessions and shall have other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate.

### IV. Responsibilities and Duties

The Committee shall have the sole authority and responsibility annually, in its capacity as a committee of the Board, to recommend to the Board the nomination of the independent auditor for approval by the shareowners. The Committee shall be directly responsible for the retention, termination, compensation, evaluation, and oversight of the work of the independent auditor (including resolution of any disagreements with management) for the purpose of preparing or issuing an audit report and related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services to be performed for UTC by its independent auditor. The Committee may establish policies and procedures for pre-approval of audit and permitted non-audit services, including delegation of authority to one or more members of the Committee to grant pre-approvals of those services, provided that such policies and procedures conform to applicable legal requirements and that the Committee is informed of each such service at its next scheduled meeting.

The Committee shall have the authority to retain and compensate independent legal, accounting or other advisors, and shall obtain advice and assistance to the extent it deems necessary or appropriate.

The Committee shall make regular reports to the Board on significant matters reviewed or considered by the Committee, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors, or the performance of the internal audit function. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall report annually to the Board its self-evaluation of the Committee's performance.

The Committee shall:

A. Financial Statements and Disclosure Matters

1. Meet to review and discuss with management and the independent auditor the annual audited financial statements, including review of UTC's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Committee shall also recommend to the Board whether the audited financial statements should be included in UTC's Report on Form 10-K.
2. Meet to review and discuss with management and the independent auditor UTC's quarterly financial statements prior to the filing of its Report on Form 10-Q, including review of UTC's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Committee shall also review the results of the independent auditor's review of the quarterly financial statements.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of UTC's financial statements.
4. Review and discuss on a timely basis with the independent auditor:
  - (a) Critical accounting policies and practices used including any significant changes.
  - (b) Alternative treatments of significant financial information within generally accepted accounting principles that have been discussed with management, including the effects of alternatives and the preferred method of the independent auditor.
  - (c) Other significant communications between the independent auditor and management, including any unusual transactions, management letters, or accounting adjustments proposed by the independent auditor that were waived by management as immaterial or otherwise.
5. Review UTC's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings expectations provided to analysts and rating agencies.
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on UTC's financial statements.
7. Review overall policies and practices for enterprise risk management, including delegation of oversight for particular areas of risk to the appropriate Board committees. Discuss with management the company's major financial risk exposures as well as significant operational,

compliance, reputational, strategic and cybersecurity risks, and the steps management has taken to monitor and manage such exposures to be within the company's risk tolerance.

8. Discuss with the independent auditor the matters required to be communicated by the Public Company Accounting Oversight Board's (PCAOB) Auditing Standard No. 1301, *Communications with Audit Committees*, including any problems or difficulties encountered during the audit and management's response.

9. Discuss the adequacy and effectiveness of the Company's internal controls with management, the independent auditor and the internal auditor in conjunction with UTC's CEO and CFO certification process for the Reports on Form 10-K and Form 10-Q, including any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting and additional management procedures and audit steps performed in light of any material control deficiencies.

#### B. Oversight of UTC's Relationship with the Independent Auditor

1. Obtain and review a report from the independent auditor at least annually describing (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and (c) any steps taken to deal with any such issues.

2. Obtain periodically, but no less than annually, a formal written statement from the independent auditor delineating all relationships between the audit firm and UTC, including each non-audit service provided to the Company and at least the matters set forth in the PCAOB Rule 3526.

3. Review and evaluate the independent auditor's qualifications, performance and independence, including a review of the lead partner, taking into account the opinions of management and the internal auditor. Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether it is appropriate to rotate the independent audit firm itself in order to assure continuing auditor independence. The Committee shall present the results of its review to the full Board.

4. Establish policies for UTC's hiring of employees or former employees of the independent auditor.

5. Discuss with the independent auditor significant issues reviewed with the auditor's national office regarding auditing or accounting issues identified during the engagement.

6. Meet with the independent auditor annually to discuss the planning and staffing of the audit.

#### C. Oversight of UTC's Internal Audit Function

1. Review and approve the Internal Audit Department Charter.

2. Review and approve the appointment and replacement of the senior internal audit executive.

3. Review and approve the annual audit plan and any significant changes to the plan together with the annual operating budget and resource plan.

4. Review significant findings and key trends related to UTC's internal controls, risk management and governance processes.
5. Discuss with the independent auditor and management the internal audit department responsibilities, audit plan, budget and staffing.

D. Compliance Oversight Responsibilities

1. Oversee and review UTC's legal, ethical and regulatory compliance program, including the Company's business conduct guidelines, and review at least annually the implementation and effectiveness of the program.
2. Discuss any illegal acts discovered by the independent auditor during the course of its work and its conclusions with respect to such illegal acts or obtain assurance from the independent auditor that none were discovered.
3. Obtain reports from management, the senior compliance officer and UTC's internal auditor on any significant issues regarding compliance with applicable laws and regulations and with UTC's Code of Ethics. Receive periodic updates by the General Counsel and senior compliance officer on any pending investigations of potentially significant alleged violations of laws, regulations or company policies.
4. Establish procedures for and oversee the receipt, retention and treatment of complaints received by UTC regarding: (i) accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by UTC employees, shareowners and other interested persons of concerns regarding questionable accounting or auditing matters, and business practices.
5. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise potentially material issues regarding UTC's financial statements or accounting policies.
6. Discuss with UTC's General Counsel legal matters that may have a material impact on the financial statements or UTC's compliance policies.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to determine that UTC's financial statements are complete and accurate or to determine that such statements are in accordance with generally accepted accounting principles. 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 responsibilities of management, the independent auditor or others retained by the Committee.



## COMPENSATION COMMITTEE CHARTER

APRIL 30, 2018

### **I. Purpose**

The purposes of the Compensation Committee (the "Committee") are to discharge the Board's responsibilities related to the compensation and benefits of UTC's executives and other employees, to prepare an annual report on executive officer compensation for inclusion in UTC's annual proxy statement, and to consider other matters related to UTC's compensation and benefits practices.

### **II. Composition**

The Committee's composition is determined by the Board, based upon the recommendations of the Committee on Governance and Public Policy, and consists of at least three directors. Each Committee member shall satisfy the director independence requirements of the New York Stock Exchange and qualify as a "Non-Employee Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Committee members should have a general understanding of executive compensation practices for the purpose of furthering the recruitment and retention of executives and key employees and aligning executive compensation with shareowner interests.

### **III. Meetings**

The Committee shall meet as often as it determines, but not less than four times per year. UTC's Bylaws provide that a majority of the members of a Board committee shall constitute a quorum and that the act of a majority of the Committee members present shall be the act of the Committee.

### **IV. Responsibilities**

The responsibilities of the Committee include:

#### **A. Compensation Practices and Policies**

1. Review executive compensation practices and policies of the Company to ensure that they adequately and appropriately align executive and shareowner interests.
2. Make recommendations to the Board regarding the adoption, amendment or termination of equity compensation programs that require Board or shareowner approval.
3. Approve the adoption, amendment and termination of incentive compensation and deferred compensation programs for executives of the Company that require Board approval, subject to shareowner approval to the extent required under UTC's Bylaws.

4. Oversee the administration of the Company's equity and deferred compensation plans and programs for its executives and non-employee directors, and either approve, or recommend for Board approval, adoption or amendments to such plans and programs.
5. Review the design of pension and other post-retirement benefit plans that have a material impact on the Company's executive compensation program.
6. Annually review a risk assessment of the Company's compensation policies and practices.

B. CEO Compensation

1. Review and approve annual corporate goals and objectives relevant to CEO compensation and lead a discussion of the CEO's performance against such goals and objectives as a Committee or together with the other independent directors (as directed by the Board). The Board's evaluation shall be communicated to the CEO annually by the Chairman and the Lead Director (if any), or by the Lead Director, if the Chairman is the Chief Executive Officer.
2. Annually review and approve, subject to review by the other independent directors: (i) the CEO's annual base salary; (ii) the CEO's annual incentive compensation; and (iii) awards to the CEO under the Company's long-term incentive compensation plans.

C. Executive Compensation

1. Review and approve a group of peer companies for the purpose of benchmarking executive compensation plans and practices. Peer companies, as approved by the Committee, shall have characteristics that make such companies relevant competitors for executive talent and compensation benchmarking purposes.
2. Review and approve participants in the Company's Executive Leadership Group ("ELG").
3. Review and approve any changes to the roles or responsibilities of ELG members or executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended ("Section 16 Officers").
4. Review and approve, for ELG members and Section 16 Officers, changes to: (i) annual base salary; (ii) annual incentive compensation; and (iii) awards under the Company's long-term incentive compensation plans.
5. Approve any severance or change-in-control arrangements, special or supplemental benefit arrangements and amendments to the foregoing for ELG members or Section 16 Officers.
6. Establish and determine the satisfaction of performance goals for performance-based incentive compensation, including as required under Section 162(m) of the Internal Revenue Code.
7. Annually review and approve the Company's practices for annual and long-term incentive awards for other executives and employees.
8. Review shareowner proposals relating to executive compensation matters.

9. Annually review compliance with Company stock ownership guidelines applicable to ELG members.

D. Authority, Delegation, Performance Evaluation and Other

1. The Committee shall have the sole authority to retain and terminate such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the advisor's independence from management, including those specified in Section 303A.05(c) of the NYSE Listed Company Manual. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of its advisors and shall have sole authority to approve the advisor's fees and other terms and conditions of the advisor's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee.
2. Delegate, as appropriate, to the CEO, Executive Vice President & Chief Human Resources Officer, any other executive officer or the Corporate Vice President, Total Rewards, the authority to grant and administer equity awards to employees of the Company who are not directors, ELG members or Section 16 Officers subject to such limitations as the Committee may determine.
3. Report annually to the Board on its assessment of the Committee's performance as a group.
4. Review and approve the Compensation Discussion and Analysis on executive compensation for inclusion in the Company's annual proxy statement, in accordance with Securities and Exchange Commission rules.
5. Review and approve Company statements regarding shareowner advisory votes on executive compensation and the frequency of such votes for inclusion in the Company's annual proxy statement.
6. Annually review the adequacy of this Charter and recommend any changes to the Board for approval.
7. Undertake such other matters as may be referred to the Committee from time-to-time.



## **COMMITTEE ON GOVERNANCE AND PUBLIC POLICY CHARTER**

**APRIL 30, 2018**

### **I. Purpose**

The Committee on Governance and Public Policy (the "Committee") shall be a standing committee of the Board of Directors. The purpose of the Committee shall be to identify and recommend qualified candidates for election to the Board, develop and recommend appropriate corporate governance guidelines, oversee the design and conduct of the annual self-evaluation of the performance of the Board and its committees, recommend appropriate compensation of directors, review and oversee UTC's positions on significant public issues and corporate social responsibility, and review and monitor such other matters that may be referred to it by the Board from time to time.

### **II. Composition**

The Committee shall be comprised exclusively of directors who are independent under the applicable stock exchange rules. Committee members should have experience evaluating the qualifications and abilities of candidates for high level, sensitive oversight and leadership positions, as well as a strong understanding of the critical role of directors in setting corporate governance standards. The members of the Committee shall be appointed by the Board and will serve at the discretion of the Board. One member of the Committee shall be appointed as the Chair of the Committee.

### **III. Meetings**

The Committee shall meet as required and normally meets four times annually. The Committee may meet more frequently and, as the Committee may require in fulfilling its responsibilities, it may meet privately with any search firm, members of management and others.

### **IV. Responsibilities**

The Committee shall:

- A. Recommend for approval by the Board the appropriate qualifications and criteria for service as a director;
- B. Consistent with criteria approved by the Board, the Committee shall evaluate candidates based upon their skills, integrity, independence, experience, appreciation of the appropriate role of the corporation in society and ability to contribute to the diversity of perspectives present in Board deliberations;
- C. Identify persons qualified to serve as members of the Board and report to the Board on key candidates;



- D. Review candidates recommended by management and shareowners in light of the Board's criteria for selection of new directors;
- E. Recommend a slate of director candidates to be proposed for annual election by shareowners and make recommendations to the Board as to the election of candidates to fill vacancies on the Board;
- F. Promptly consider and recommend to the Board whether to accept or reject the tendered resignation of an incumbent director who, in an uncontested election of directors, received a greater number of votes cast "against" than votes "for" his or her election. In assessing whether to accept or reject the resignation, the Committee will consider all factors it deems relevant including, without limitation, the stated reasons why shareowners voted "against" such director, the director's length of service and qualifications, the director's contributions to UTC, and the Corporate Governance Guidelines;
- G. Submit to the Board recommendations for committee assignments;
- H. Develop and recommend to the Board appropriate corporate governance guidelines;
- I. Recommend to the Board the appropriate compensation for service as a non-employee director based upon its assessment of director responsibilities and benchmark data for relevant U.S. peer corporations;
- J. Report annually to the Board its self-evaluation of the Committee's performance;
- K. Review at least annually UTC's governance guidelines, the charter of this Committee and relevant benchmark data to determine whether changes should be submitted to the Board for approval;
- L. Review and recommend to the Board whether to accept the resignation of a director who has offered to resign because his or her principal employment or principal responsibilities outside of UTC have changed substantially. This review will consider whether the director remains able to devote the time required to effectively serve on the Board or on any committee of the Board in accordance with UTC's policies;
- M. Review whether a director should continue service on the Board if there is a change in the number or type of outside boards on which a director serves. A director may not serve on the boards of more than four other public companies in addition to the UTC Board. For Audit Committee members, continued service on that committee should be reviewed if there is an increase in the number of public company audit committees on which the director serves;
- N. Review periodically UTC's policies as to retirement age and tenure for non-employee directors, review and approve service by executive officers of UTC as directors of other public companies;
- O. Review and monitor the orientation of new Board members and the continuing education of all directors;
- P. Review corporate governance developments and trends and, where appropriate, make recommendations to the Board on UTC's governance;

- Q. Review and, where appropriate, make recommendations to the Board regarding the Company's responses to shareholder proposals;
- R. Review and monitor 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;
- S. Review and monitor 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; and
- T. Review such other matters as may be referred to it from time to time.

**V. Authority**

The Committee shall have full access to all management and authority to consult independent legal or other advisors as deemed appropriate. The Committee shall also have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.



## FINANCE COMMITTEE CHARTER

APRIL 30, 2018

### **I. Purpose**

The Finance Committee (the "Committee") shall be a standing committee of the Board of Directors. The purpose of the Committee shall be to review and monitor the management of the financial resources and the financial risks of UTC, including policies with respect to investments and uses of cash and other significant financial actions proposed by management.

### **II. Composition**

A substantial majority of the members of the Committee shall be non-management directors.

### **III. Meetings**

The Committee shall meet as required and normally meets four times annually. The Committee may meet more frequently and, as the Committee may require in fulfilling its responsibilities, it may meet privately with independent advisors and members of management.

### **IV. Responsibilities**

The Committee shall:

- A. Receive and review regular reports concerning strategies and plans for significant acquisitions and divestitures by UTC, including discussion of possible transactions and their financial impact and progress reports on pending and completed transactions;
- B. Review significant financing programs to be offered by UTC in support of the business objectives of UTC, including secured and unsecured financing, equity investments, letters of credit, guarantees or other forms of financial accommodation;
- C. Review significant capital appropriations;
- D. Review proposed dividend policies and programs for the repurchase of capital stock of UTC;
- E. Review UTC's financial outlook and plans for financing its working and long-term capital requirements;
- F. Review UTC's policies and strategies for managing exposure with respect to foreign exchange, interest rates and raw materials prices;

- G. Review UTC's policies and strategies with respect to insurance and risk management;
- H. Review UTC's policies, strategies and performance with regard to the investment of pension assets;
- I. Report annually to the Board on its self-evaluation of the Committee's performance;
- J. Undertake such other matters as may be referred to it by the Board of Directors from time to time.

**V. Authority**

The Committee shall have full access to all management and authority to consult independent advisors, including sole authority to retain and terminate any such advisors and to approve the advisors' fees and other retention terms.