

# Environment, Health & Safety Progress Report 2002

## United Technologies Corporation

### Chairman's Statement

"The corporation will not be satisfied until its workplace is safe from hazards, its employees are injury free, its products and services are safe and its commitment and record in protecting the natural environment are unmatched." These words are taken from UTC's EH&S Policy Statement made in 1995 and have guided us to significant gains.

UTC's most rewarding accomplishment last year was a further 27% reduction in our worldwide lost workday incidence rate and following a 30% reduction the year before. These are great results and bring the total reduction over the decade to 88%.

Tragically, four UTC employees lost their lives while working. Two fatalities occurred during field service operations and two were motor vehicle accidents. UTC has had a formal and exceptionally thorough review process for such incidents in place for more than a decade. We will leave no step untaken to ensure the safest possible workplace.

Our consumption of energy and water were further reduced last year. In 1999, we set goals to reduce both by 25% by 2007. Having achieved these, we increased them to 40% from the same 1999 baselines. Air emissions and total waste were reduced in 2002 by 2 percent.

Our accomplishments were recognized by governments. For example, UTC Fuel Cells received the Connecticut Department of Environmental Protection's 2002 Green Circle award for its water treatment system using plants to remove metallic contaminants from storm water. Pratt & Whitney received multiple awards including the Environmental Excellence award from the Singapore Environmental Authority.

Beyond processes and their control, UTC products are being designed and re-designed to mitigate or eliminate environmental impacts. Sikorsky's Comanche helicopter for the U.S. Army eliminates ozone depleting substances entirely during the manufacturing process and, comparably, chromium and cadmium by 80 percent. Otis' NextStep escalator incorporates a moving step guard, eliminating a traditional hazard of clothing or shoes being caught. Further, NextStep's energy consumption is 50% lower than current equipment, and the escalator is lubricant-free. Carrier introduced its Evergreen VSS chiller, up to 40% more energy efficient than current equipment and maintaining Carrier's commitment to chlorine-free refrigerants.

We have had tremendous EH&S gains since our renewed and revitalized commitments in the early 1990's. We are proud of these. More importantly, the confidence gained from past accomplishments drives us to significantly higher goals in the future.

George David  
Chairman & CEO

## **Otis Nogales wins Robert F. Daniell Excellence Award**

The Otis factory in Nogales, Mexico earned top honors for consistently improving its performance in environment, health and safety that has resulted in a positive impact on employees, their families and the city's surrounding communities.

Over the past nine years, the Nogales team has continuously reduced workplace injury, illness rates despite a 354 percent increase in sales and a 132 percent rise in production hours. In addition, the amount of hazardous waste generated by the Nogales factory has dropped by 98 percent and air emissions by nearly 80 percent.

Since 1998 Nogales has recorded zero lost time cases with more than 5.4 million hours worked. For the past five years, Nogales has not had environment, health and safety violations of any kind. One of the key factors in achieving Nogales' success stems from the effective implementation of EH&S and ACE (Achieving Competitive Excellence) methods to prevent accidents. In weekly meetings, employees share success stories on how unsafe conditions are eliminated. Salaried employees meet twice a month on all aspects of safety, and each area is required to perform two self-inspections/audits per month. Nogales' proactive problem solving as well as increased safety training has helped boost employee morale, involvement and productivity.

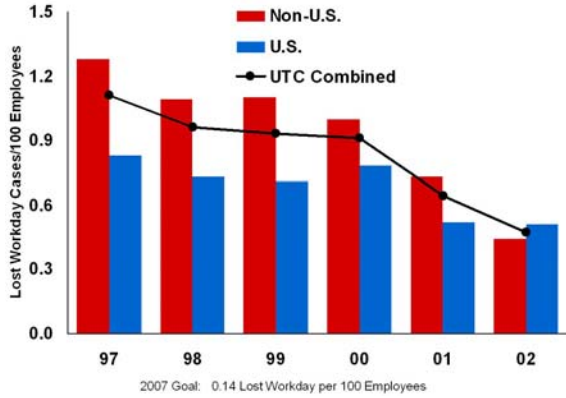
Nogales achieved ISO 14001 certification in March 2002 and successfully integrated it into the existing ISO 9000/2000 standard system. As a result, Nogales improved the processes and methods for protecting the environment of the surrounding communities. In addition, to address home safety issues, Nogales conducted a safety day for employees and their families.

While improving environment, health and safety issues within the factory, Nogales also maintains strong relationships with universities, schools, government agencies and other companies. Nogales has sponsored lectures, conferences and offered financial and technical support to the Red Cross, fire department and police department of Nogales.

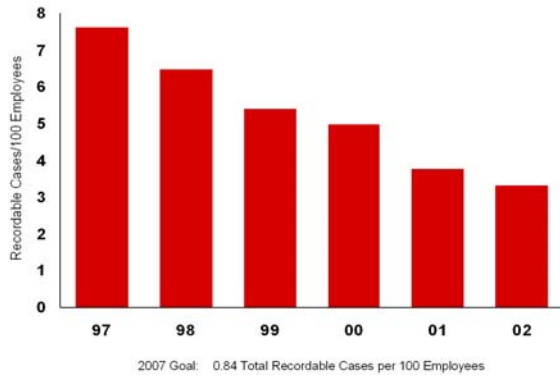
Otis Nogales worked with the State of Sonora Potable Water and Sewage Council to implement Environmental Management Systems for Municipalities that will preserve the quality and supply of potable water for the city of Nogales, Sonora, Mexico. For this effort, Nogales won the Otis 2001 Stakeholder Outreach Award.

## Our Performance at a Glance

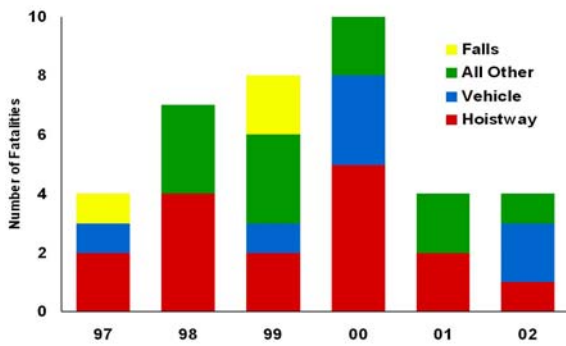
### Lost Workday Incidence Rate



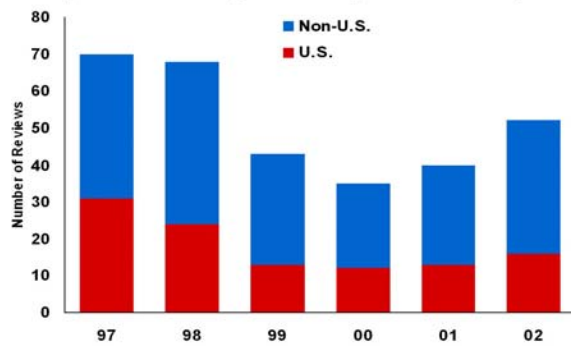
### Total Recordable Incidence Rate – U.S.



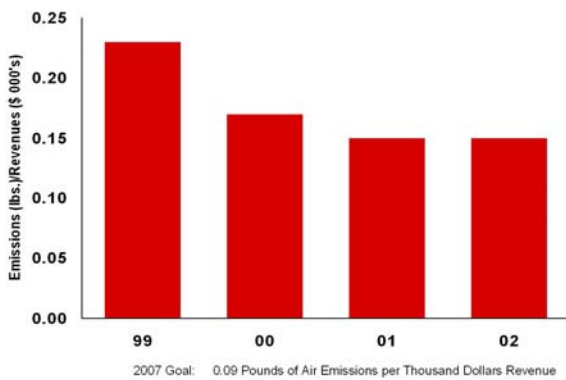
### Occupational Fatalities by Type of Accident



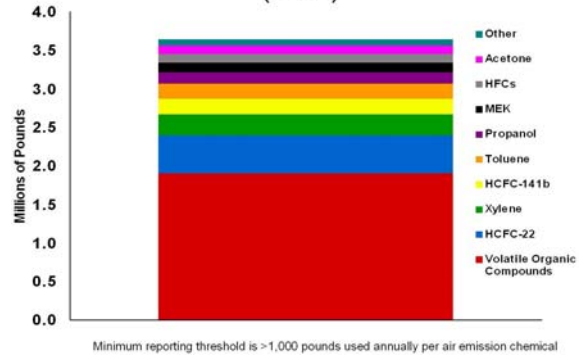
### Assurance Reviews (EH&S Management System Audits)



### Worldwide Normalized Air Emissions

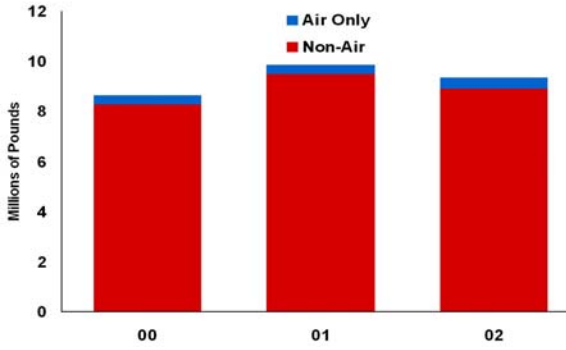


### Worldwide Major Air Emission Chemicals (2002)

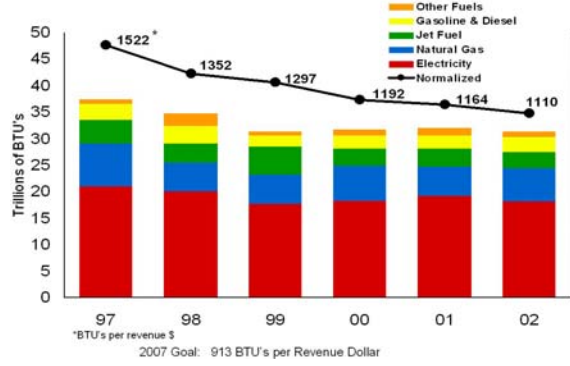


## Our Performance at a Glance (Continued)

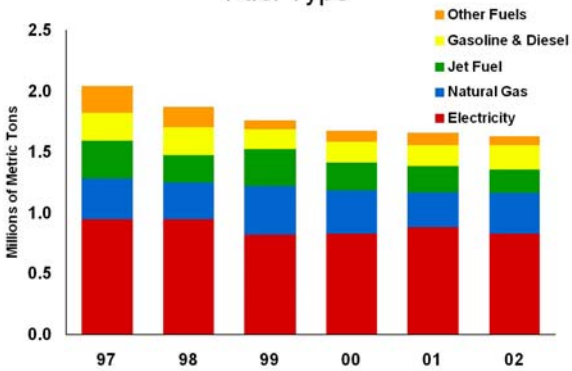
U.S. SARA Chemical Releases



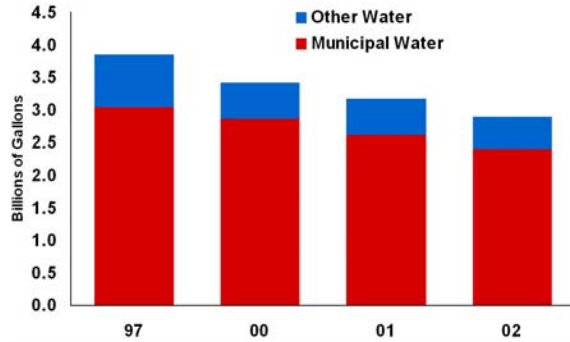
Worldwide Energy Consumption By Fuel Type



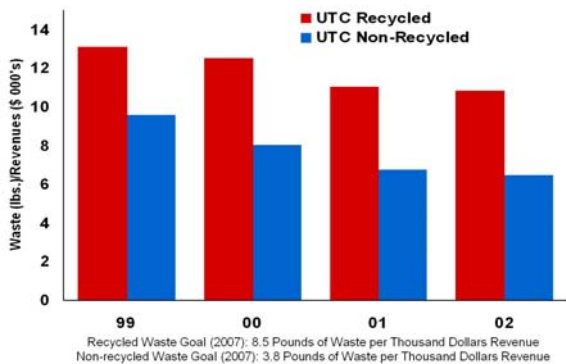
Worldwide Carbon Dioxide Emissions by Fuel Type



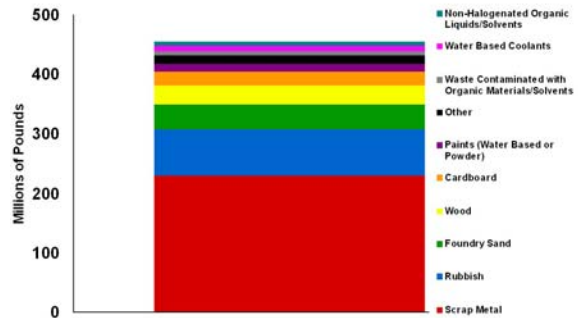
Worldwide Water Consumption



UTC Normalized Waste Generated

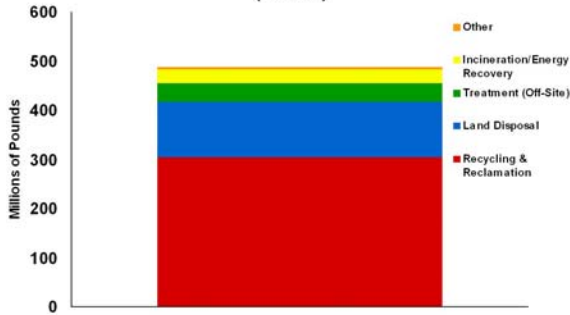


Worldwide Major Waste Categories (2002)

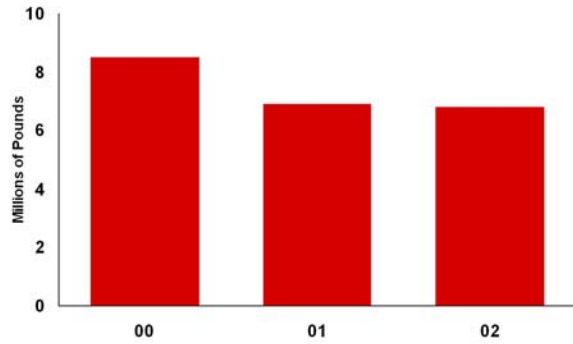


## Our Performance at a Glance (Continued)

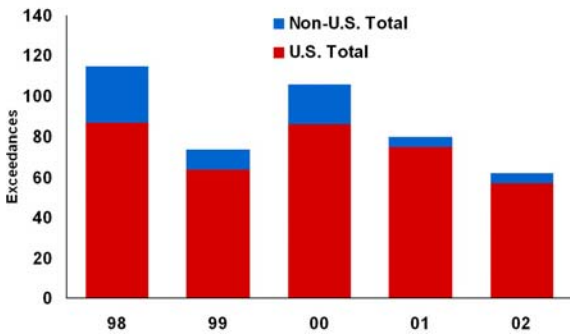
Worldwide Waste by Management Method (2002)



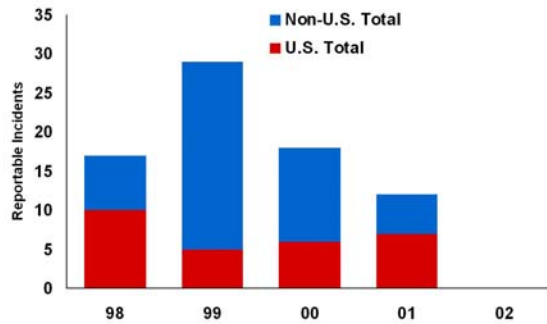
Total U.S. Hazardous Waste Generated



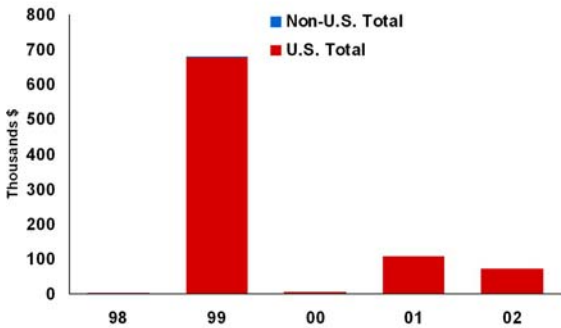
Wastewater Discharge Permit Exceedances



Chemical Spills and Releases (Reportable to U.S. Federal or Other National Governments)

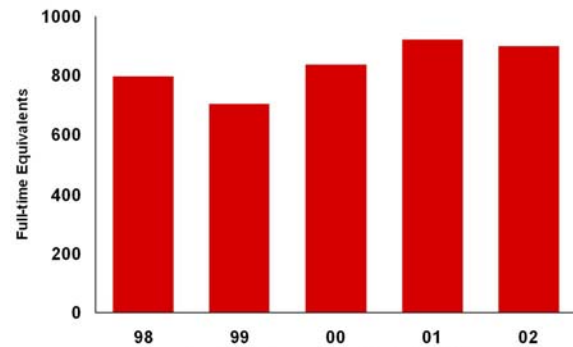


Environmental Compliance Penalties



Note: The 1999 U.S. penalty includes \$522,000, the 2001 U.S. penalty includes \$82,700 and the 2002 U.S. penalty includes \$46,500 for environmentally beneficial projects

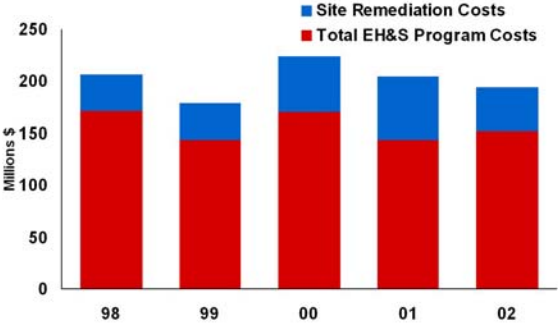
Worldwide Total EH&S Staff



Note: Data includes medical staff beginning in 2001

# Our Performance at a Glance (Continued)

Worldwide Summary of EH&S Costs



## Environment, Health & Safety Policy

United Technologies Corporation will not be satisfied until its workplace is safe from hazards, its employees are injury free, its products and services are safe, and its commitment and record in protecting the natural environment are unmatched.

### Objectives

Eliminate all employee injuries by making the workplace free from hazards and unsafe actions.

Drive pollutants in manufacturing processes to the lowest achievable levels.

Conserve natural resources in the design, manufacture, use and disposal of products and delivery of services.

Establish safety and environmental protection standards that both comply with local laws and go beyond, when necessary, to achieve the goals of this policy.

Hold operating managers accountable for safety and environmental performance and for providing leadership and required resources.

Require all employees to comply with these standards.

### Support

Quantify safety and environmental goals, measure progress regularly and report progress to the UTC Board of Directors, employees and communities; and respond to suggestions and needs of others.

Develop technologies and methods to assure safe workplaces worldwide and to protect the environment, and promulgate these outside UTC.

Make safety and environmental considerations priorities in new product development and investment decisions and in our dealings with contractors and suppliers.

Work with governments and industry associations to advance laws and regulations supporting these goals.



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