

**CUSTOMERS AND SUPPLIERS**

*Our corporate responsibility work includes our customers and our supply chain. We are committed to product quality and safety and expect flawless performance. We recognize the value of a diverse supplier base.*

**Making the Most of Our Supplier Relationships***UTC Companies Focus on EH&S Capabilities and Diversity in Partnerships*

UTC recognizes the value of forming partnerships with innovative and competitive suppliers who can help us eliminate inefficiencies, lower costs and deliver the highest quality possible. We also seek suppliers who share our high standards for commitments to diversity and Environment, Health & Safety (EH&S) excellence.

Global key suppliers are expected to comply with UTC's five minimum EH&S expectations: provide safe working conditions; adhere to all EH&S laws and regulations; operate to minimize environmental impact; limit the use of natural resources; and delegate these expectations to their suppliers. Key suppliers are defined as those that provide specific raw materials, special processes and industrial products. The program, asks critical suppliers to complete an EH&S self-assessment. By the end of 2007, 100% of the suppliers had self-assessed. Currently 98% of UTC's key suppliers have closed all open corrective measures. Any remaining corrective measures are expected to be completed in 2009 in preparation for full compliance with the five requirements by 2010.

Establishing successful partnerships with small and diverse businesses is an essential part of our supply chain management. In 2008, diverse businesses provided over \$900 million worth of products and services to UTC companies and our goal for 2009 is to exceed the \$1 billion mark. Worth noting is the success of The Bernd Group. It was recognized as the UTC Supplier of the Year at the 2008 Minority Business Exchange (MBE). As a UTC supplier for more than 15 years, The Bernd Group has increased sales and grown with Pratt & Whitney (P&W) from \$350,000 in sales to more than \$30 million, making them UTC's current top minority supplier based on dollar value. Additionally, *Hispanic Business* magazine placed The Bernd Group at 107 in the list of top 500 largest U.S. Hispanic-owned companies, with 40 employees and overall revenues of more than \$56 million (June 2008).

The Bernd Group has reached its remarkable achievements largely due to embracing and institutionalizing UTC's Achieving Competitive Excellence (ACE) operating system. Mentored by John Dwyer, UTC Site Implementation Manager at P&W-WPB, The Bernd Group over time has completed ACE Qualifying, Bronze, Silver Cell, Site Silver, Gold Cell, Ace Site Gold and most recently UTC Supplier Gold.

Since starting The Bernd Group in her garage nearly two decades ago, Pilar Bernd has built a remarkable business and continues to see the value of the ideas and innovations that only a diverse supplier could bring. Showing dedicated and sustained continuous improvement efforts, The Bernd Group has the internal metrics and market feedback to demonstrate and substantiate their achievements. They are a motivated supplier team that brings great value to UTC. In his congratulatory letter to The Bernd Group, Steve Finger, former president Pratt & Whitney, wrote, "I appreciate your commitment to the ACE operating system and applaud the efforts of your entire team for sustaining the excellence required at the ACE Gold level." As a UTC MBE supplier, The Bernd Group leads the way, on every day, in every way.

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