

BUSINESS ETHICS AND CONDUCT IN CONTRACTING WITH THE UNITED STATES GOVERNMENT

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A. SUMMARY

United Technologies Corporation requires the company and its directors, officers, and employees to operate at the highest standards of business conduct across all of our relationships, including with customers, suppliers, shareowners, competitors, the communities in which we operate, and among employees at every organizational level. This has added significance in our business dealings with the United States federal government. Acceptance of U.S. federal government contracts and subcontracts comes with obligations to the public to ensure that we administer our business and deliver our products and services in a manner that complies fully with U.S. federal government contracting laws and regulations.

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

Laws and regulations that govern contracting with the U.S. federal government (“**U.S. Federal Government**”) impose requirements not applicable to purely commercial business transactions. Violations subject **UTC** and **UTC** employees to civil lawsuits or criminal prosecution, fines, penalties, cancellation of contracts, reduction of negotiated contract prices, and temporary suspension or outright debarment of the company’s eligibility to receive **U.S. Federal Government** contracts. Violations can also be the basis for disciplinary action, up to and including termination of employment. Accordingly, **UTC’s** officers and employees are responsible for ensuring that their conduct, as well as the conduct of those who report to them, complies with this Policy. **UTC** and its **Operating Units** shall adopt and maintain policies and procedures addressing, at a minimum, the requirements of [Exhibit 2](#).

E. RESPONSIBILITIES

1. The **UTC** Executive Vice President and General Counsel (**EVP GC**) is responsible for interpretation. The **UTC** Corporate Vice President, Global Ethics and Compliance (**CVP GEC**), will review this Policy biennially.
2. The **UTC** Corporate Vice President, Controller (**CVP Controller**), will incorporate controls and testing procedures in applicable common controls matrices, and the **UTC** Corporate Vice President, Internal Audit (**CVP IAD**), 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 2: Affirmative Action for Persons with Disabilities, Disabled Veterans and Veterans of the Vietnam Era](#); [CPM 3: Antitrust Compliance](#); [CPM 5: Government Relations](#); [CPM 7: Conflict of Interests](#); [CPM 8: Contracting With Diverse Businesses](#); [CPM 11: Philanthropic Donations](#); [CPM 12: Drug, Alcohol & Substance Abuse](#); [CPM 16: Enterprise Risk Management](#); [CPM 17: Service Vendors](#); [CPM 18: Government Disclosures](#); [CPM 18A: Federal Acquisition Regulation Disclosure Guidelines](#); [CPM 19: Equal Employment/Affirmative Action](#); [CPM 20: Compliance With Export Controls & Economic Sanctions](#); [CPM 20A: Compliance with Import and Customs Laws](#); [CPM 26: Management Oversight of Special Access Programs](#); [CPM 34: Global Ethics & Compliance Program](#); [CPM 35: Directed Source Subcontracts](#); [CPM 36: Electronic Communications Media](#); [CPM 43: Interentity Work Authorizations](#); [CPM 44: Industrial Cooperation & Economic Offset](#); [CPM 45: Quality Assurance Programs](#); [CPM 46: Retaining Records and Data](#); [CPM 48: Anti-Corruption](#); [CPM 48A: Giving Business Gifts](#); [CPM 48B: Sponsoring Third Party Travel](#); [CPM 48C: Hiring and Retaining Current and Former Government Officials and Their Relatives](#); [CPM 48D: Lobbyists](#); [CPM 48E: Distributors and Non-Employee Sales Representatives](#)

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.

Employment is defined in [CPM 48C: Hiring and Retaining Current and Former Government Officials and Their Relatives](#).

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

Lobbying is defined in [CPM 48D: Lobbyists](#).

Philanthropic Donation(s) is defined in [CPM 11: Philanthropic Contributions](#).

Political Contribution(s) is defined in [CPM 5: Government Relations](#).

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, **UTC** joint venture partners and **Vendors**, and their respective **Affiliates**, are **Third Parties**).

U.S. Government Marketing is defined in [CPM 48E: Distributors and Non-Employee Sales Representatives](#).

U.S. Government Sales is defined in [CPM 48E: Distributors and Non-Employee Sales Representatives](#).

U.S. Federal Government Employee is defined in [CPM 48C: Hiring and Retaining Current and Former Government Officials and Their Relatives](#).

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

EXHIBIT 2: PROCEDURES

- A. **UTC** shall maintain a **U.S. Federal Government** contracts compliance program meeting the requirements of [CPM 34: Global Ethics and Compliance Program](#). **CVP IAD** is responsible for establishing and maintaining an audit function to monitor compliance with **U.S. Federal Government** contracting laws and regulations and with this Policy.
- B. All **Operating Units** that compete for and/or perform either direct contracts with the **U.S. Federal Government**, or subcontracts in which **UTC's** products and services are directly or indirectly procured by others for delivery under contracts with the **U.S. Federal Government**, shall maintain current, detailed procedures and policies, including an ongoing program of communication and training, to ensure compliance with this Policy and with the laws and regulations governing contracting with the **U.S. Federal Government**. Such procedures and policies shall expressly designate the department or function responsible for implementing each element of the detailed policies and procedures, which policies and procedures shall, at a minimum, address the policies set forth and referenced in this Policy, as well as the following:
- **UTC** will comply with the letter and spirit of **U.S. Federal Government** contracting laws and regulations and the terms of **U.S. Federal Government** contracts and subcontracts awarded to **UTC**;
 - **UTC** will provide customers with accurate information when seeking the award of a **U.S. Federal Government** contract or subcontract and performing such contracts or subcontracts;
 - **UTC** will perform due diligence to ensure the accuracy of certifications and representations provided in the course of seeking or performing **U.S. Federal Government** contracts or subcontracts;
 - **UTC** will deliver quality products and services to the **U. S. Federal Government** at fair and reasonable prices;
 - **UTC** will safeguard national security, classified, procurement sensitive, or otherwise controlled information at all times to prevent loss, compromise, unauthorized disclosure, dissemination or duplication. **U.S. Federal Government** information that is national security classified, procurement sensitive, or otherwise controlled shall not be accepted from any source, either directly or indirectly, under circumstances where there is reason to believe that the release is unauthorized;
 - **UTC** will not wrongfully solicit or obtain a competitor's proprietary information or the **U.S. Federal Government's** source selection information. **UTC** will not seek or accept, directly or indirectly, proprietary or source selection information regarding any government procurement. Following contract award, such information may be sought through requests made directly to the government, such as a request under the Freedom of Information Act;
 - **UTC** employees shall not prepare any **U.S. Federal Government** solicitation, specification, or evaluation criteria and anonymously or surreptitiously submit it to the **U.S. Federal Government**, nor participate in any activity that could give rise to an organizational or individual conflict of interest by employees or **Third Parties** retained by **UTC**. See Federal Acquisition Regulation Subpart 9.5;
 - **UTC** will accurately and consistently estimate, accumulate, and report costs to the **U.S. Federal Government**, when required as a basis for seeking payment on existing contracts, in support of cost estimates on future contracts, or as needed to support contract negotiation and administration;
 - **UTC** will charge all labor and material costs accurately to the appropriate account, regardless of the status of the budget for that account. **UTC** will not tolerate improprieties such as charging labor or material costs improperly or to the wrong account, charging direct contract effort to an overhead or indirect account, falsification of time cards or other records, or billing for work not performed (other than financing payments authorized by contract or subcontract);
 - When required by law or regulation, **UTC** will disclose or specifically identify in writing to the **U.S. Federal Government** all cost or pricing data that is current, accurate, and complete as of the date of agreement on price, and, when required, to certify that it is current, accurate, and complete. The definition of "cost or pricing data" is broad and includes not only facts but also management decisions, estimates (based on verifiable data), and other information that a prudent person would expect to affect price negotiations significantly.
- C. **UTC** will request **U.S. Federal Government** reimbursement only for costs that are reasonable in amount and clearly allowable under government regulations, or as to which we have a good-faith belief that the costs are allowable. For example, **Business Gifts** are expressly unallowable. Detailed guidance on cost allowability can be found in Section 29.29.8 of UTC's Financial Manual.

- D. When required, **UTC** will certify compliance with quality control specifications and testing requirements for our products. Our policy is to deliver high quality goods and services that meet all contract requirements and give the customer the highest degree of confidence in our products. UTC focuses on both the quality of our goods and services as well as the quality of the processes being used to create the goods and deliver the services. Improprieties, such as the failure to conduct required testing, or manipulation of test procedures or data, will not be tolerated.
- E. All **Political Contributions** ([CPM 5: Government Relations](#)), **Philanthropic Donations** ([CPM 11: Philanthropic Donations](#)), **Business Gifts** ([CPM 48A: Giving Business Gifts](#)), and **Sponsored Travel** ([CPM 48B: Sponsoring Third Party Travel](#)) offered or given to **U.S. Federal Government Officials**, or related in any way to any **U.S. Federal Government** contract, shall be offered and provided solely for the purpose authorized by, and approved in strict conformity with, the foregoing referenced policies. **UTC** employees shall not solicit any **Business Gift**, and may accept **Business Gifts** in connection with **U.S. Federal Government** contracts only when bona fide and approved and disclosed in strict conformity with [CPM 7: Conflict of Interests](#).
- F. All discussions with and offers to current and former **U.S. Federal Government Employees** regarding **Employment** shall strictly comply with [CPM 48C: Hiring and Retaining Current and Former Government Officials and Their Relatives](#).
- G. **Vendors** retained to provide materials or services in any way related to a **U.S. Federal Government** contract or subcontract shall be required by contract to comply with the laws and regulations relating to **U.S. Federal Government** contracting and terms and conditions consistent with this Policy, and each such contract shall expressly provide for termination in the event of a violation of laws or regulations relating to **U.S. Federal Government** contracting, or this Policy. All **Vendors** selected or retained to provide **Lobbying** (see [CPM 48D: Lobbyists](#)) or **U.S. Government Marketing** or **U.S. Government Sales** ([CPM 48E: Distributors and Non-Employee Sales Representatives](#)) related in any way to a **U.S. Federal Government** contract shall be selected, screened, retained, monitored, and managed in strict compliance with the foregoing policies.
- H. The **U.S. Federal Government** has adopted a zero-tolerance policy regarding trafficking in persons and trafficking-related activities. See [Federal Acquisition Regulation Part 22.17](#). As defined therein, **UTC**, its employees, its **Vendors**, and its **Vendor's** employees shall not engage in forms of trafficking in persons or trafficking-related activities during the period of performance of the contract; procure commercial sex acts during the period of performance of the contract; or use forced labor in the performance of the contract. Violations may result in removal from performance of the **U.S. Federal Government** contract or subcontract, reductions in benefits, or termination of employment. **UTC** and its employees shall comply with the UTC Compliance Plan for Combating Trafficking in Persons at [Exhibit 3](#).
- I. As a signatory to the [Defense Industry Initiative on Business Ethics & Conduct](#), **UTC** has committed itself to compliance with **U.S. Federal Government** procurement laws, to make appropriate disclosures as non-compliances with legal and contractual requirements are verified, and to take appropriate corrective actions. Disclosures will be made in accordance with [CPM 18: Government Disclosures](#). **UTC** will satisfy its disclosure responsibilities under U.S. and other government securities, tax, international trade, environmental, and other applicable laws and regulations in accordance with the disclosure protocols established under such laws and regulations.
- J. Each director, officer, employee, and representative is personally responsible for disclosing to **UTC** any actual or suspected violations of **UTC's** Code of Ethics, its implementing supplements and policies, or any law or regulation. Such reporting usually should be to immediate supervision through normal management channels, or to an Ethics and Compliance Officer. However, alternative, confidential reporting mechanisms are available. Employees may contact a **UTC** Ombudsman to express or discuss concerns, problems, and questions, or share information with the highest management levels of **UTC**. **UTC** prohibits any retaliation against any person for reporting anything he/she reasonably believes constitutes a violation or suspected violation. See [CPM 56: Non-Retaliation](#). In addition, **UTC** prohibits any retaliation against any employee who raises, in good faith, any concern with respect to policies or practices used within a business. However, the use of these communication channels to report wrongdoing will not absolve anyone from accountability for personal involvement in any wrongdoing.

- K. In the performance of contracts (or subcontracts thereunder) with the **U.S. Federal Government**, the following notice is provided to **UTC** employees who perform work under such contracts/subcontracts:

Pursuant to 10 U.S.C. §2409 and 41 U.S.C. §265, as amended, UTC will not discharge, demote, or otherwise discriminate against an employee as a reprisal for disclosing to any U.S. Government Official identified in the statute, information that the employee reasonably believes is evidence of gross mismanagement of a Department of Defense (DoD) contract, a gross waste of DoD funds, a substantial and specific danger to public health or safety, or a violation of law related to a DoD contract (including the competition for or negotiation of a contract). Employees covered under these statutes may pursue claims of retaliation as described in DoD Federal Acquisition Regulation Supplement, Subpart 203.9 and Federal Acquisition Regulation Subpart 3.9;

In addition to any rights the employee may have under any other federal, state or local law and pursuant to section 1553 of the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), UTC will not retaliate against any employee because the employee provided information to Congress, a State or U.S. Government regulatory or law enforcement agency, a person with supervisory authority over the employee (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, that the employee reasonably believes is evidence of: (1) gross mismanagement of an agency contract or grant relating to "covered funds;" (2) a gross waste of "covered funds;" (3) a substantial and specific danger to public health or safety related to the implementation or use of "covered funds;" (4) an abuse of authority related to the implementation or use of "covered funds;" or (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued relating to "covered funds." "Covered funds" means all or a portion of the money or property that is provided, requested, or demanded under a contract, grant, or other payment vehicle that is supported by appropriated funds or otherwise made available by the Recovery Act. The following information is provided pursuant to Federal Acquisition Regulation Subpart 3.907:

- Any employee who reasonably believes that he/she has been retaliated against because of providing information regarding covered funds may seek relief by submitting a complaint to the Inspector General of the federal agency for which the work was performed or the federal agency that funded the work. The Inspector General is responsible to investigate complaints and submit reports to the agency;
 - The agency may find in the employee's favor and, if so: (a) order the company to take action to abate the reprisal; (b) order reinstatement to the to the position the employee held before the reprisal, together with compensation (including back pay), compensatory damages, employment benefits, and other terms and conditions of employment that would apply to the person in that position if the reprisal had not been taken; and/or (c) order the company to pay the employee an amount equal to the aggregate amount of all costs and expenses (including attorneys' fees and expert witnesses' fees) that were reasonably incurred by the employee in connection with bringing the complaint regarding the reprisal, as determined by the head of the agency or a court of competent jurisdiction;
 - If the agency denies a complaint, or if it has not rendered a final decision within 210 days, or if it declines to render a decision, the employee may bring a civil action to seek compensatory damages and other relief as may be available in an appropriate U.S. District Court.
- L. All questions regarding implementation of this Policy or requirements of laws and regulations should be directed to **CVP GEC**/designee or **BU** government contracts compliance counsel who will, as appropriate, work closely with the **CVP Controller**. Questions relating to the charging of material and labor and to the allowability, allocate-ability, and reasonableness of direct and indirect costs charged to **U.S. Federal Government** contracts and subcontracts should be directed to the unit's member of **UTC's** Government Accounting Policy Committee (GAPC), which operates under the auspices of the **CVP Controller**. The GAPC will work closely with the **EVP GC** and **CVP GEC**.

EXHIBIT 3: UTC COMPLIANCE PLAN FOR COMBATING TRAFFICKING IN PERSONS**A. POLICY**

The United States **Government** has adopted a policy prohibiting trafficking in persons including the trafficking-related activities of this clause. In performing **U.S. Federal Government** contracts or subcontracts, **UTC** and its **Vendors** and its **Vendors** employees:

- (1) shall not engage in severe forms of trafficking in persons²;
- (2) shall not procure commercial sex acts³;
- (3) shall not use forced labor⁴;
- (4) shall not destroy, conceal, confiscate, or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or drivers' licenses, regardless of issuing authority;
- (5) shall not use misleading or fraudulent practices during the recruitment of employees or offering of employment, such as failing to disclose, in a format and language accessible to the worker, basic information or making material misrepresentations during the recruitment of employees regarding the key terms and conditions of employment, including wages and fringe benefits, the location of work, the living conditions, housing and associated costs (if employer or agent provided or arranged), any significant cost to be charged to the employee, and, if applicable, the hazardous nature of the work;
- (6) shall use recruiters that comply with local labor laws of the country in which the recruiting takes place;
- (7) shall not charge employees recruitment fees;
- (8) shall provide return transportation or pay for the cost of return transportation upon the end of employment—
 - (A) For an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working on a **U.S. Federal Government** contract or subcontract (for portions of contracts performed outside the United States); or
 - (B) For an employee who is not a United States national and who was brought into the United States for the purpose of working on a **U.S. Federal Government** contract or subcontract, if the payment of such costs is required under existing temporary worker programs or pursuant to a written agreement with the employee (for portions of contracts performed inside the United States); except that—
 - (C) The requirements of paragraph (8) shall not apply to an employee who is—
 - (i) Legally permitted to remain in the country of employment and who chooses to do so; or

²“Severe forms of trafficking in persons” means: (1) Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or (2) The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

³“Commercial sex act” means any sex act on account of which anything of value is given to or received by any person.

⁴“Forced labor” means knowingly providing or obtaining the labor or services of a person—

- (1) By threats of serious harm to, or physical restraint against, that person or another person;
- (2) By means of any scheme, plan, or pattern intended to cause the person to believe that, if the person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint; or
- (3) By means of the abuse or threatened abuse of law or the legal process.

- (ii) Exempted by an authorized official of the contracting agency from the requirement to provide return transportation or pay for the cost of return transportation;
- (9) For a victim of trafficking in persons seeking victim services or legal redress in the country of employment, or for a witness in an enforcement action related to trafficking in persons, shall provide the return transportation or pay the cost of return transportation in a way that does not obstruct the victim services, legal redress, or witness activity.
- (10) Shall provide or arrange housing that meets the host country housing and safety standards; and
- (11) If required by law or contract, shall provide an employment contract, recruitment agreement, or other required work document in writing. Such written work document shall be in a language the employee understands. If the employee must relocate to perform the work, the work document shall be provided to the employee at least five days prior to the employee relocating. The employee's work document shall include, but is not limited to, details about work description, wages, prohibition on charging recruitment fees, work location(s), living accommodations and associated costs, time off, roundtrip transportation arrangements, grievance process, and the content of applicable laws and regulations that prohibit trafficking in persons.

B. VIOLATIONS

Violations of this policy may result in removal from the contract, reduction in benefits, or termination of employment or subcontract. **UTC** will inform the U.S. Government Contracting Officer and the US Government agency Inspector General immediately of any credible information it receives from any source (including host country law enforcement) that alleges a **UTC** employee, **Vendor**, or **Vendor** employee has engaged in conduct that violates the policy described above.

C. REPORTING

Employees, **Vendors** or **Vendor** employees may report, without fear of retaliation, activity inconsistent with the policy prohibiting trafficking in persons through the following channels:

- Any level of the supervisory chain;
- The Legal Department;
- An Ethics and Compliance Officer;
- Human Resources;
- A UTC Ombudsman; or
- The Global Human Trafficking Hotline at 1-844-888-FREE and its email address at help@befree.org.

NOTE: 10 U.S.C. 2409 prohibits US Department of Defense contractors and subcontractors from discharging, demoting, or otherwise discriminating against an employee as a reprisal for disclosing information that the employee reasonably believes is evidence of gross mismanagement of a Department of Defense contract, a gross waste of Department of Defense funds, an abuse of authority relating to a Department of Defense contract, a violation of law, rule, or regulation related to a Department of Defense contract (including the competition for or negotiation of a contract), or a substantial and specific danger to public health or safety. Disclosure may be made to a member of Congress or representative of a committee of Congress, an Inspector General, the Government Accountability Office, a Department of Defense employee responsible for contract oversight or management, an authorized official of the Department of Justice or other law enforcement agency, a court or grand jury, or a management official or other employee of the contractor or subcontractor who has the responsibility to investigate, discover or address misconduct. Nothing in this subpart provides any rights to disclose classified information not otherwise provided by law.

D. RECRUITMENT, WAGES, AND HOUSING

UTC only permits the use of recruitment companies with trained employees, prohibits charging recruitment fees to the employee, and ensures that wages meet applicable host-country legal requirements or explains any variance.

When **UTC** intends to provide or arrange housing during the performance of a U.S. **Federal Government** contract or subcontract, **UTC** will ensure that the housing meets host-country housing and safety standards.

E. VENDORS

UTC prohibits **Vendors** at all tiers from engaging in trafficking in persons. **UTC** may terminate any contracts with **Vendors** that have engaged in such activities. **UTC** requires **Vendors** performing work under U.S. **Federal Government** contracts and subcontracts to certify compliance with the policy described above.