



California law requires companies to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for goods offered for sale.

United Technologies Corporation (“UTC”) provides high-technology systems and services to the building and aerospace industries. UTC is committed to ensuring that slavery and human trafficking are not taking place in our businesses or supply chains and, to this end, takes the following actions:

- (1) **Commitment to Good Citizenship.** UTC is committed to the highest standards of ethics and business conduct. For example, UTC’s Code of Ethics states in part:

UTC is committed to good citizenship and believes that engagement with others improves the human condition. For our employees worldwide, UTC assures safe and healthy work environments, based on the more stringent of U.S. standards, local standards or UTC policies. UTC does not use child labor or forced labor. For our communities worldwide, UTC works to protect the environment, maximize the efficiencies of our products and reduce wastes, emissions, energy consumption and the use of materials of concern. As affirmed in other sections of the Code, UTC obeys the law, does not discriminate in personnel practices and does not engage in corrupt practices. In addition to its own commitments, UTC expects direct suppliers to adopt suitable codes of business conduct.

- (2) **Supply Chain Expectations.** Our suppliers are critical to our success and, in order to provide superior products and services in a responsible manner, we insist that our suppliers meet our expectations for ethics and compliance.

- **Supplier Code of Conduct.** The Supplier Code of Conduct conveys UTC’s expectation that our suppliers comply with laws and regulations prohibiting human trafficking, not engage in the use of child labor, forced labor, bonded labor, indentured labor, involuntary prison labor, slavery or human trafficking. The Code also provides that suppliers will allow UTC and/or its representatives to assess their compliance, as well as the compliance of the suppliers’ business partners, with the expectations set forth in the Code in performing work for UTC, including on-site inspection of facilities. The Supplier Code of Conduct is available at <http://www.utc.com/Suppliers/Documents/Code%20of%20Conduct/English.pdf>.
- **Contract Terms.** UTC’s standard contract terms and conditions of purchase require suppliers to comply with all applicable laws and regulations. In addition, our standard contract terms require suppliers to adopt and comply with a code of conduct or policy statement regarding business conduct, ethics and compliance that satisfies, at a minimum, the principles set forth in the UTC Supplier Code of Conduct. Further, UTC requires suppliers to have management systems, tools and processes in place that (a) ensure compliance with applicable laws, regulations, and requirements set forth in the Supplier Code of Conduct; (b) promote an awareness of and commitment to ethical business practices; (c) facilitate the timely discovery, investigation, disclosure and implementation of corrective actions for violations; and (d) provide training to employees on compliance requirements, including the expectations set forth in the Supplier Code of Conduct. UTC includes Federal Acquisition Regulation (“FAR”) clause 52.222-50, Combating Trafficking in Persons, in its subcontracts, including commercial item subcontracts, which are placed with direct suppliers in support of UTC’s U.S. Government contracts. This clause must be flowed down to sub-tier suppliers that support U.S. Government prime contracts and contains a reporting obligation to notify

the Contracting Officer and the agency Inspector General immediately of any credible information we receive from any source that alleges an employee or subcontractor has engaged in conduct that violates the policy. In the event that the suppliers commit any material violation of law relating to basic working conditions and human rights in their performance of work of their subcontracts with UTC, UTC has the right to terminate those subcontracts for default.

- (3) **Verification of Supply Chain.** UTC and its business units engage in verification of product supply chains to evaluate and address the risk of human trafficking and slavery as described herein. Typically, such verification is not performed by a third party.
- Suppliers are subject to robust selection processes and criteria, including for example, verification against government denied party lists.
  - Periodically, in the normal course of business, UTC may conduct a site visit with a supplier. However, UTC does not in the ordinary course of business conduct site visits or otherwise evaluate suppliers specifically for the purpose of verifying the eradication of slavery and human trafficking in their supply chains.
- (4) **Supply Chain Audits.** UTC does not in the normal course of business conduct audits (independent, unannounced or otherwise) of suppliers specifically to evaluate their compliance with company standards for trafficking and slavery in supply chains. Anyone who observes such conduct may ask a question or raise concerns in complete confidence through UTC's Ombudsman Program. Additional information about the UTC Ombudsman Program is available at: <http://www.utc.com/How-We-Work/Ethics-And-Compliance/Pages/Ombudsman-Program.aspx>.
- (5) **Supplier Certifications.** UTC requires suppliers to submit certifications where required by the Federal Acquisition Regulation ("FAR").
- (6) **Internal Accountability Standards.** UTC maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking. These include, as described above, UTC's Code of Ethics and UTC's Supplier Code of Conduct. UTC requires its employees to annually certify that they will honor the Code of Ethics. Compliance with the requirements of the Code of Ethics is expected behavior for all UTC employees. Violation of these requirements will result in appropriate corrective action. Anyone who observes or suspects a violation of UTC's Code of Ethics may ask a question or raise concerns in complete confidence through UTC's Ombudsman Program. Additional information about the UTC Ombudsman Program is available at: <http://www.utc.com/How-We-Work/Ethics-And-Compliance/Pages/Ombudsman-Program.aspx>.
- (7) **Internal Training.** UTC provides human trafficking and slavery training to employees and management who have direct responsibility for supply chain management, particularly with respect to mitigation risks within the supply chains of products.