



Identifying Supply Chain Sustainability Improvement AT UTC

ACCO Operation Supply Chain Workshop
June 22, 2010

UNITED TECHNOLOGIES

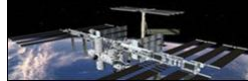
\$52.9B Revenues; Seven Business Units



Heating, ventilating, cooling & refrigeration systems



Fuel cells



Industrial & aerospace systems



Aircraft engines, gas turbines & space propulsion systems



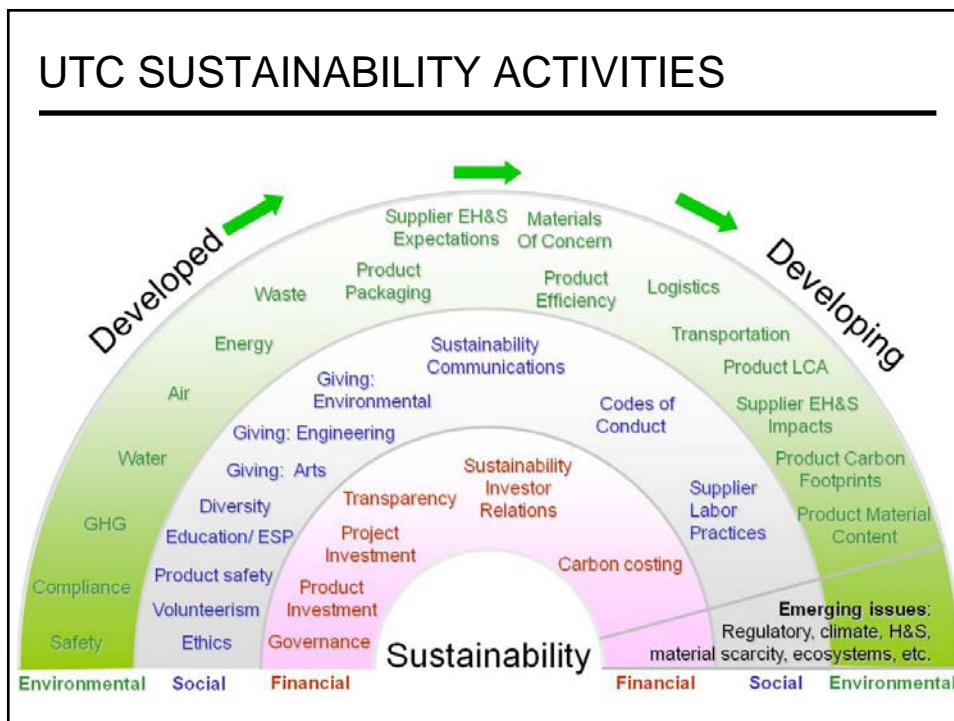
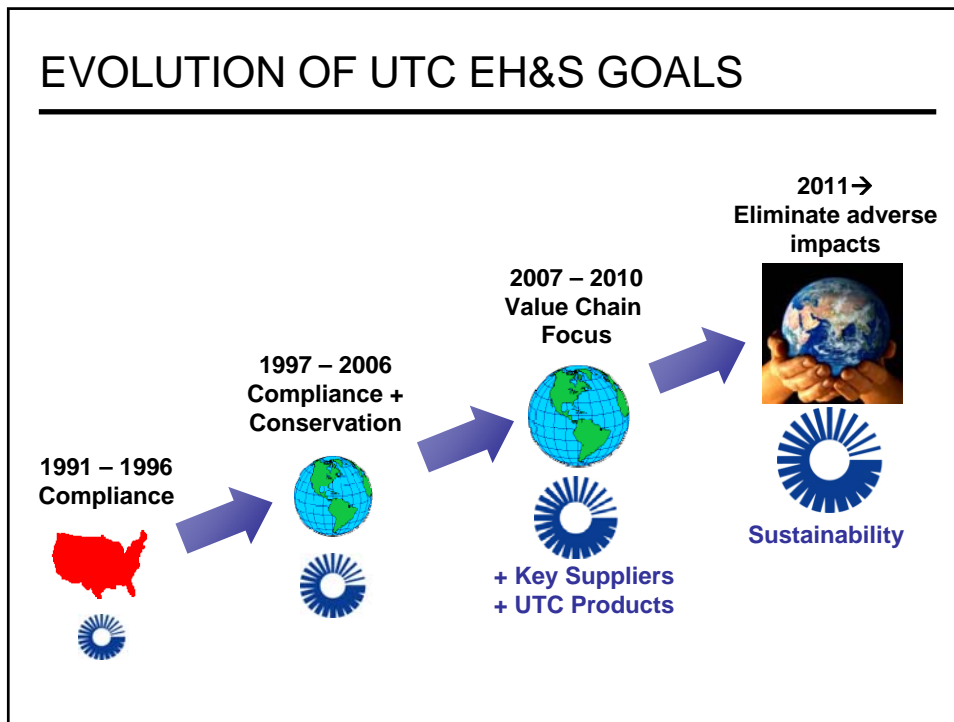
Helicopters

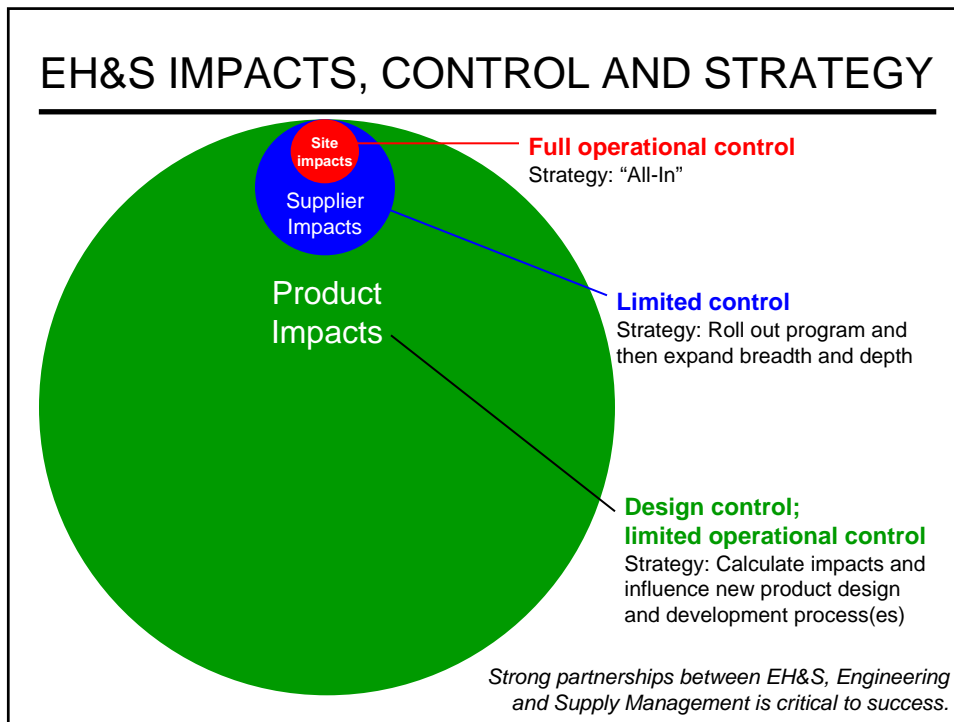


Elevators, escalators, moving walkways, people movers & horizontal transportation systems



Security & fire protection services



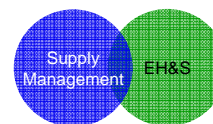


2010 UTC SUPPLIER EH&S PROGRAM

Self-assessment, CAP and 10% on site review

100% of Key Suppliers Meet EH&S Expectations

1. Provide safe working conditions for all employees, customers and contractors
2. Adhere to all applicable National, Regional, State and Local laws and regulations governing Environment, Health and Safety
3. Operate in a manner that minimizes the impact to the environment
4. Limit the use of natural resources and promote sustainable natural resource practices
5. Extend and communicate these EH&S requirements to their suppliers



SUPPLIER EH&S PROGRAM

Self assessment and On site review

Supplier EH&S Self-Assessment Questions	
<p>A. Do you have current OHSAS 18001, ANSI Z10, CSA Z1000, BSI 8800, or OSHA VPP registration? If yes,</p> <ul style="list-style-type: none"> You will have to answer questions for Expectations III, IV, and V, only; and Provide the registration number and date in the space provided. <p><i>Note that the system will assign favorable answers for Expectations I and II.</i></p> <p>I. Does this facility provide safe working conditions for all employees and contractors?</p> <p>I.1 Is there an absence of significant hazes, unbearable odors, or work areas?</p> <p>I.2 Do employees have unrestricted access to an adequate number of exits in the event of an emergency?</p> <p>I.3 Is personal protective equipment (PPE) provided to employees and contractors for machines in place?</p> <p>I.4 Are employee injuries managed and understood, and is there a process to investigate accidents, leading to the initiation of corrective actions?</p> <p>II. Does this facility adhere to all applicable national, regional, state, and local regulations governing Environment, Health, and Safety?</p> <p>II.1 Is there a process to effectively manage and respond to regulatory requirements (violations, exceedances, fines, etc.) to mitigate findings and avoid penalties?</p> <p>II.2 Are applicable laws and regulations, in paper or electronic form, communicated to management and employees?</p> <p>II.3 Have applicable EH&S laws and regulations been identified and measured?</p>	<p>Do you have current ISO 14001, RC 14001, or EMAS registration? If yes,</p> <ul style="list-style-type: none"> You will have to answer questions for Expectations I and II, only; and Provide the registration number and date in the space provided. <p><i>Note that the system will assign favorable answers for Expectations III, IV, and V.</i></p> <p>III. Does this facility operate in a manner that minimizes the impact to the environment?</p> <p>III.1 Are chemical and waste materials disposed of properly (not dumped or spilled directly on the ground or abandoned at the site)?</p> <p>III.2 Is vegetation and wildlife natural and healthy in appearance?</p> <p>III.3 Is the site clear of landfills and open burning?</p> <p>III.4 Are air emissions natural in appearance (not discolored) and free of heavy odors?</p> <p>III.5 If there is discharge to waterways, is the discharge natural (clear) in appearance and free of heavy odors?</p> <p>IV. Does this facility limit the use of natural resources and promote sustainable natural resource practices?</p> <p>IV.1 Are records kept on raw material, water, and energy use; and are those records used to track and drive waste reduction and to look for alternative resources as appropriate / available?</p> <p>V. Are EH&S values and expectations as in UTC Supplier Expectations I through IV, or similar, communicated to employees and suppliers?</p>

EXPANSION OF SUPPLIER EH&S PROGRAM

Breadth and depth

Breadth through additional suppliers

Supplier Gold alignment; qualifier for Gold

Parallel efforts on energy, GHG and safety

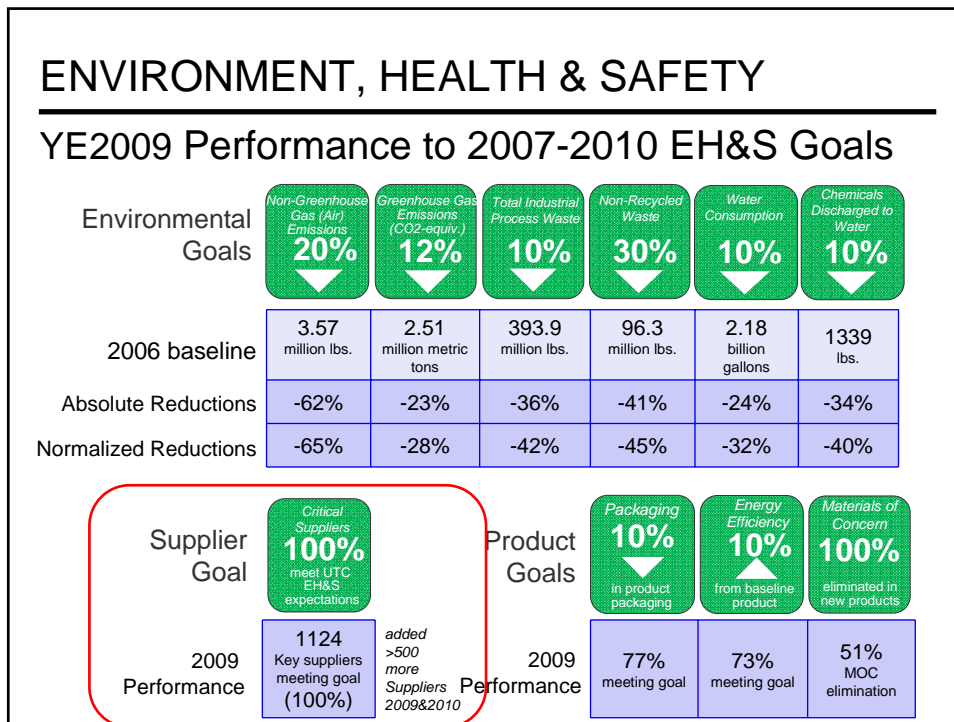
Workshops and voluntary program promotion



Depth through increased risk based expectations

Target is product vs. non-product

Casting, forging and machining versus office supplies



GREEN SUPPLY CHAIN PROJECT



WORLD RESOURCES INSTITUTE

Green Supply Chain Project

Project Terms









Goal

Promote green supply chains by strengthening corporate programs, helping suppliers build capacity, and simplifying the exchange of information between suppliers and buyers.

Objectives

- Develop ideas and recommendations to simplify and harmonize standards, protocols, and data collection procedures.
- Help clarify the concept of "green."
- Develop new insights into the effectiveness of green supply chain initiatives and their value to large companies, suppliers, and consumers.
- Engage corporations in the development of green supply chain programs that leverage best practices and lessons learned from existing supply chain programs around the world.
- Facilitate the development and adoption of green supply chain programs in supplier nations, specifically in China.
- Help build supplier capacity to meet green standards.
- Communicate ideas and information broadly to a business audience.

UTC Supplier Program Challenges

- Quantification of program value
 - Why do this?
- Supply Management participation
 - Resource limitations
 - Burden to suppliers
- Breadth and depth
 - How far along the CSR continuum?
- Measurement and metrics
 - Data and progress
- Impact Mitigation
 - UTC resources to improve supplier footprint

Identifying Supply Chain Value



'Low Hanging Fruit'



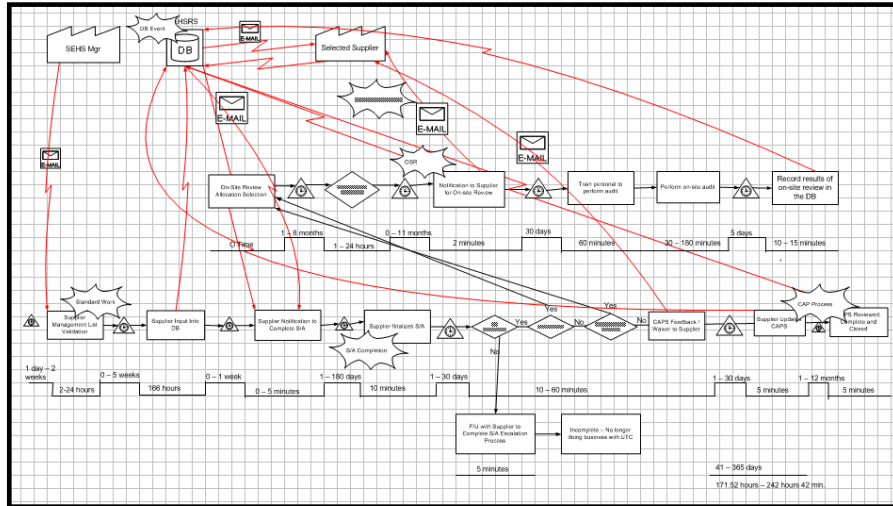
'High Hanging Fruit'



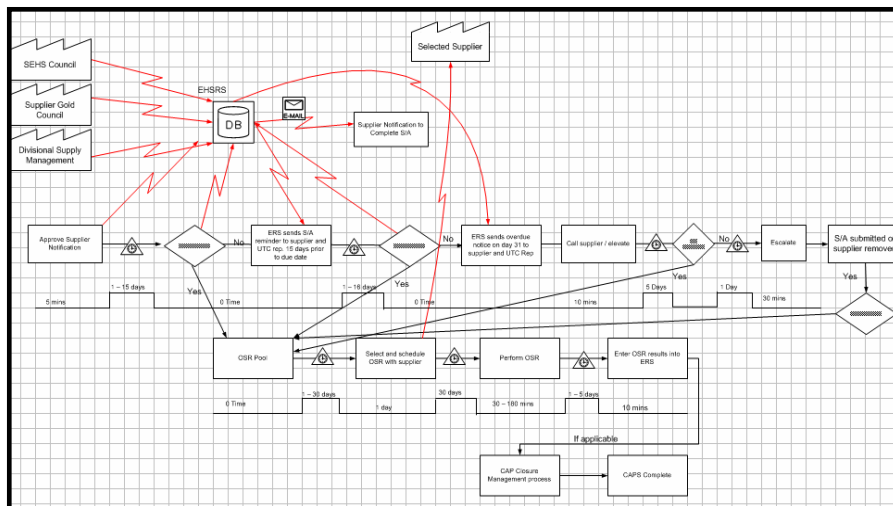
'Is That Really fruit'

	Impact Reduction	Also a UTC Operational Cost	Regulatory Status
'Low Hanging Fruit'	Direct costs (energy, transport, waste management, etc.) Regulatory Compliance	Yes	Yes
'High Hanging Fruit'	Current Risk (business/supply disruption, etc.)	Potentially	Emerging
'Is That Really Fruit'	Unknown (Ecosystem degradation, materials scarcity, etc.)	No	No

Supplier Information Flow Current State



Supplier Information Flow Future State



UTC as Supplier

Increased corporate reporting

Carbon Disclosure Project (Boeing, EADS)

Dow Jones Sustainability Indexes, other financials

 CARBON DISCLOSURE PROJECT

 Dow Jones
Sustainability Indexes

Business Unit response to customers

Federal General Services Administration

Department of Defense

Corporate supply chain management (Wal Mart)

 GSA U.S. General Services Administration



 WAL*MART

UTC Recommendations

Universal supplier questionnaire

Consistent framework

Master list of questions

Subset applicable by industry, supplier standard

Secure, centralized data repository

Annual submittal, controlled access for review

3rd party audit standard

Shared cost, recognition of audit reports to standard

Q&A

Rick Love
Manager of Environmental
Programs
United Technologies Corporation
(860) 728-6513
richard.love@utc.com



Environment, Health & Safety
United Technologies Corporation