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Carrier Procedures and Standard Work Instructions

Anti-Money Laundering

1. INTENT AND PURPOSE OF POLICY

“Money laundering” means the illegal process of making money generated from criminal activity appear to have a legitimate source. Carrier (the “Company”) shall prevent its assets from being used for money laundering or terrorist financing by remaining alert to warning signs and following international regulations. In doing so, Carrier will take measures to prevent it from engaging in suspicious financial transactions, transactions involving unverifiable or questionable sources, or the laundering of criminal proceeds or illegally derived money. The purpose of this policy is to detect, deter, and minimize risks associated with third party payments, as that term is used herein.

2. APPLICABILITY

This CPSW applies to Carrier (including its subsidiaries, divisions and other business entities it controls worldwide), and Carrier will use good faith efforts to ensure that entities in which Carrier has less than a controlling interest adopt and adhere to this CPSW or a substantially similar policy.

3. POLICY

a. The acceptance or receipt of any payment from a “Third Party,” as that term is defined below in 3b, is prohibited.

b. A “Third Party”¹ means:

(1) Any entity that does not have a contractual relationship or a verifiable business relationship with the Company;

(2) Any entity that does not have a contractual relationship or a verifiable business relationship with the Company’s dealers, distributors, or customers (hereinafter collectively the “Customer”);
or

- (3) Any entity that does not have an equity relationship, as described in Paragraph 5 below, with the Company or Customer.
- c. This policy does not apply to single transactions under \$100,000 USD. A “single transaction” means a transaction conducted in one 24-hour period by one payor related to a single bona fide commercial transaction. It is prohibited, however, to accept multiple payments under \$100,000 USD related to the same financial transaction to circumvent this policy.

4. PROCEDURES AND CONTROLS:

- a. The Company will not accept any payment/funds/monetary transfers from any Third Party.
- b. The Company will only accept payments/funds/monetary transfers from Customer accounts or payments drawn on monetary instruments belonging to or originating directly from the Customer or an Affiliated Entity, as provided in Paragraphs 5 and 6 below.
- c. Payments must be for bona fide sales by the Company of goods or services, and documentation and records must be maintained related to such transactions.
- d. Any payment not consistent with this policy will not be accepted. If such a payment prohibited by this policy is mistakenly accepted, the circumstances surrounding the payment will be documented and a Company lawyer or employee responsible for legal compliance will be notified. The funds will not be credited toward any invoice or purchase order and promptly returned to the payor (returned to same payor and same account).
- e. The Segment will set criteria for the approval of payments from Affiliated Entities following the due diligence requirements set forth in Paragraph 6 below. Such approval will include a legal and finance review.

5. AFFILIATED ENTITY:

- a. An "Affiliated Entity" means a legal entity, such as a subsidiary, parent company, or holding company, that is fully or majority owned by a Customer or a majority shareholder of the Customer, and/or end-users or business partners of the Customer, provided a verifiable business relationship exists and is established by the Customer (hereinafter "Affiliated Entity").²
- b. The Company may, in its sole discretion, accept payments/funds/monetary instruments from an Affiliated Entity on behalf of a Customer, under the following circumstances:
 - (1) Within 90 days upon the acceptance thereof, the Customer shall provide the Company with verifiable corporate records, such as articles of incorporation, or provide proof of a business relationship with the end user(s) or business partner(s) to enable the Company to establish the relationship between the Customer and the Affiliated Entity;
 - (2) Within 90 days upon the acceptance thereof, the Customer shall provide the Company with a written certification, satisfactory to the Company in compliance with appropriate governing laws and sufficient to minimize risks associated with third party payments, by referencing but not being restricted to the following:
 - (a) the relationship between the Affiliated Entity and the Customer;
 - (b) the reason or justification for the payment from the Affiliated Entity;
 - (c) authorization for the Company to accept payment from the Affiliated Entity on behalf of the Customer;
 - (d) a representation that the payment does not violate any known policies, laws, or regulations in the applicable jurisdictions; and
 - (e) that both the Customer and Affiliated Entity agree to hold the Company harmless, will indemnify the Company, and will pay any legal fees associated with any legal or regulatory action resulting, directly or indirectly, from the Company's acceptance of the payment.
 - (3) After the above procedures are documented, due diligence is completed in accordance with Paragraph 6 below, and approval has been obtained as described in paragraph 4e above, the Company may accept payments/funds/monetary transfers only from the

specified Affiliated Entity accounts or payments drawn on monetary instruments belonging to the Affiliated Entity.

6. DUE DILIGENCE BY THE COMPANY

a. Provided the requirements of Paragraphs 4e and 5 above are satisfied, if the Company elects to accept a payment from an Affiliated Entity, then the Company will, at a minimum:

- (1) Screen the Affiliated Entity using MK Denial; and
- (2) Review all records and certifications provided by the Customer and/or Affiliated Entity.

7. OWNERSHIP AND APPROVAL

Carrier Vice President, Global Ethics & Compliance is the owner of this policy. All waivers and changes require prior approval of the owner. Contact the legal counsel supporting your business or functional organization for all questions regarding this policy.

8. DEFINITIONS

All capitalized terms not defined in this policy are defined in Exhibit 1 to this policy or [CPM 1: Governance and Definitions](#) including [Exhibit 1: Compliance Glossary](#)

¹. As used herein, the definition of “Third Party” is strictly limited to this policy, only applies to this policy, and has no further applicability beyond this policy. Accordingly, the definition of “Third Party,” as used in this policy, does not supersede, modify, or amend CPM 1.

². As used herein, the definition of “Affiliated Entity” is strictly limited to this policy, only applies to this policy, and has no further applicability beyond this policy. Accordingly, the definition of “Affiliated Entity,” as used in this policy, does not supersede, modify, or amend CPM 1.

9. REFERENCES

Carrier Financial Manual, 4.1 (Cash)