

# Welcome to your CDP Climate Change Questionnaire 2023

## C0. Introduction

### C0.1

**(C0.1) Give a general description and introduction to your organization.**

Carrier Global Corporation, global leader in intelligent climate and energy solutions, is committed to creating solutions that matter for people and our planet for generations to come. From the beginning, we've led in inventing new technologies and entirely new industries. Today, we continue to lead because we have a world-class, diverse workforce that puts the customer at the center of everything we do.

Carrier plays a vital role in helping address climate change with digitally enabled lifecycle solutions and services that meet the needs of our customers and drive sustainability. We optimize indoor spaces for occupant health and safety while improving energy efficiency. We strengthen and connect the cold chain to preserve, protect and extend the supply of food and medicine worldwide while accelerating the shift to electrification.

For more information, visit [corporate.carrier.com](https://corporate.carrier.com).

### C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

**Reporting year**

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**Start date**

January 1, 2022

**End date**

December 31, 2022

**Indicate if you are providing emissions data for past reporting years**

No

## C0.3

### **(C0.3) Select the countries/areas in which you operate.**

Argentina  
Australia  
Austria  
Belgium  
Brazil  
Brunei Darussalam  
Bulgaria  
Canada  
China  
Croatia  
Czechia  
Denmark  
Finland  
France  
Germany  
Greece  
Guam  
Hungary  
India  
Italy  
Kuwait  
Malaysia  
Mexico  
Netherlands  
New Zealand  
Norway  
Poland  
Portugal  
Qatar  
Romania  
Saudi Arabia  
Singapore  
South Africa  
Spain  
Sweden  
Switzerland  
Taiwan, China  
Thailand  
United Arab Emirates  
United Kingdom of Great Britain and Northern Ireland  
United States of America  
Viet Nam

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	CARR

# C1. Governance

## C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual or committee	Responsibilities for climate-related issues
Other, please specify Full Board of Directors	We amended our Corporate Governance Principles and the charters of each of our committees to further refine the Carrier Board's oversight of ESG. The amendments elevated primary responsibility to the full Board for Carrier's ESG program, goals and objectives, including climate-related matters, and delegated certain elements to our committees to leverage their respective areas of expertise. This approach reflects our belief that sustainability and Carrier's growth strategy

	are inseparable and underscores our commitment to our stakeholders and the stewardship of our planet.
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## C1.1b

**(C1.1b) Provide further details on the board’s oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Overseeing acquisitions, mergers, and divestitures Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy	<p>We amended our Corporate Governance Principles and the charters of each of our committees to further refine the Carrier Board’s oversight of ESG. The amendments elevated primary responsibility to the full Board for Carrier’s ESG program, goals and objectives, including climate-related matters, and delegated certain elements to our committees to leverage their respective areas of expertise. This approach reflects our belief that sustainability and Carrier’s growth strategy are inseparable and underscores our commitment to our stakeholders and the stewardship of our planet.</p> <p>Climate-related Board Committee responsibilities include:</p> <p>Audit Committee: Assists the Board in overseeing the integrity of Carrier’s financial statements and disclosures in Carrier’s Form 10Q and 10K, including climate- and cybersecurity-related disclosures; the independence, qualifications and performance of Carrier’s independent auditors and internal audit function; the company’s compliance with its policies and procedures, internal controls, Code of Ethics and applicable laws and regulations; the policies and practices of Carrier’s Enterprise Risk Management (ERM) program; and financial risks and other significant areas of risk, including compliance and cybersecurity-related risks</p> <p>Compensation Committee: Establishes and determines the satisfaction of performance goals for Carrier’s bonus plans for executives, including performance goals for senior executives related to implementation of Carrier’s ESG program</p>

		<p>Governance Committee: Assists the Board in its oversight responsibilities related to Carrier's corporate governance framework; charitable and philanthropic activities; environmental, health and safety programs and related ESG goals and initiatives; government relations (including the Carrier Political Action Committee (Carrier PAC) and political expenditures); product integrity programs; and positions on significant public issues.</p> <p>Technology &amp; Innovation Committee: Assists the Board in overseeing Carrier's strategy, risk management and ESG programs, including technology, innovation and sustainability initiatives and risks.</p>
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## C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

	<b>Board member(s) have competence on climate-related issues</b>	<b>Criteria used to assess competence of board member(s) on climate-related issues</b>
Row 1	Yes	<p>All directors hold or have held senior positions as leaders of various large and complex global businesses. Our directors are or have been chief executive officers, chief financial officers, chief accounting officers and members of senior management. Through these roles, our directors have developed expertise in human capital management, innovation, business operations, risk management, sustainability and strategic planning, among others.</p> <p>As part of its annual self-evaluation, refreshment and nomination process, the Board assesses whether it has the most effective leadership and committee structure and the right membership criteria and whether the directors reflect the most effective mix of attributes, skills and experience and diversity of perspectives. Based on these considerations, the Board adjusts as necessary its structure, membership criteria, composition, recruitment and nomination processes to continually enhance its effectiveness. As an outcome of this process, in 2022 the Board designated a new lead independent director; appointed new chairs of the Governance and Compensation committees; established a Technology &amp; Innovation Committee; refreshed committee membership assignments; appointed Susan N.</p>

		Story as a director to enhance the Board's expertise in finance, operations, cybersecurity, sustainability and strategy; and increased the size of the Board to nine from eight members.
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## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

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### Position or committee

Chief Executive Officer (CEO)

### Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities  
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)  
Integrating climate-related issues into the strategy  
Monitoring progress against climate-related corporate targets  
Managing climate-related risks and opportunities

### Coverage of responsibilities

### Reporting line

Reports to the board directly

### Frequency of reporting to the board on climate-related issues via this reporting line

Half-yearly

### Please explain

Our sustainability governance is integrated throughout the organization and embedded into our culture. Our Chairman & CEO directs the strategy for climate-related issues for Carrier, which (as described above) is primarily overseen by our Board of Directors. The Chairman & CEO monitors climate-related issues – such as regulation, operational performance and product innovation – through regular updates from the Executive Leadership Team (direct reports to the Chairman & CEO).

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### Position or committee

Other C-Suite Officer, please specify  
Senior Vice President, Operations

### Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities  
Managing value chain engagement on climate-related issues

Managing climate-related risks and opportunities

### **Coverage of responsibilities**

#### **Reporting line**

CEO reporting line

#### **Frequency of reporting to the board on climate-related issues via this reporting line**

Half-yearly

#### **Please explain**

Our Senior Vice President of Operations leads both our Environment, Health & Safety (EH&S) and supply chain functions. The SVP of Operations has global responsibility for regulatory EH&S compliance and the achievement of our sustainability goals and initiatives across our facilities. Additionally, the SVP of Operations is responsible for developing a responsible supplier program to assess ESG-related risk, including climate change, within our supply chain and overseeing ongoing program governance.

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#### **Position or committee**

Other C-Suite Officer, please specify

Senior Vice President & Chief Technology Officer

#### **Climate-related responsibilities of this position**

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Integrating climate-related issues into the strategy

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

### **Coverage of responsibilities**

#### **Reporting line**

CEO reporting line

#### **Frequency of reporting to the board on climate-related issues via this reporting line**

Half-yearly

#### **Please explain**

Across our value chain, our largest carbon footprint is within the use of our products; therefore, how we design our products has profound implications for our planet. Our Senior Vice President & Chief Technology Officer leads the company's efforts in research, development and technology, overseeing a global network of accomplished engineers, driving innovation and product development in collaboration with the

business units to best serve Carrier’s customers. The Senior Vice President & Chief Technology Officer is responsible for strategy and governance of our gigaton and sustainable design goals.

### C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Select Carrier executives have priorities tied to critical ESG topics such as Sustainability, Safety, Culture, Engagement and Inclusion and Diversity (I&D). Progress toward these goals is considered when determining their Individual Performance Factors.

### C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

**Entitled to incentive**

Other, please specify  
Select Carrier Executives

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

- Progress towards a climate-related target
- Achievement of a climate-related target
- Implementation of an emissions reduction initiative
- Reduction in absolute emissions

**Incentive plan(s) this incentive is linked to**

Short-Term Incentive Plan

**Further details of incentive(s)**

Select Carrier executives have priorities tied to critical ESG topics such as sustainability, safety, culture, engagement and I&D. Progress toward these goals is considered when determining their annual Individual Performance Factors.



**Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan**

Carrier’s climate change goals include helping our customers to reduce their carbon footprint by more than 1 gigaton of GHG emissions as well as achieving carbon neutral operations. Progress against these climate targets is tracked across the company and shared with our Executive Leadership Team at least quarterly. Carrier’s Audit Committee establishes and determines the satisfaction of performance goals for Carrier’s bonus plans for executives, including performance goals for senior executives related to implementation of Carrier’s ESG program.

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

#### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	1	3	We aligned our time horizons with our enterprise risk management program and longer-term climate change goals and regulations.
Medium-term	3	7	We aligned our time horizons with our enterprise risk management program and longer-term climate change goals and regulations.
Long-term	7	10	We aligned our time horizons with our enterprise risk management program and longer-term climate change goals and regulations.

#### C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

We assess climate risks and define substantive financial or strategic impact using the same methodology as our ERM process. Risks are reviewed against an impact measurement scale to determine operational, legal/regulatory, reputational and financial impact. Risks are also measured for their current control effectiveness to determine threat to company. Our ERM risk register measures impact on a 1-5 scale: 1 (No operational impact or loss of business) = < 1% of revenue, 2 (Noticeable but easily manageable; limited impact on operations) = 1%-3% of revenue, 3 (Results in some damage at an individual customer or stakeholder level; requires careful management attention) = 3%-5% of revenue, 4 (Severe impact on the business unit’s or

company's operational performance) = 5%-10% of revenue, 5 (Catastrophic impact on the business unit's or company's operational performance) = > 10% of revenue.

## C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

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### **Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

Annually

### **Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

### **Description of process**

We integrate climate-related risk identification, assessment, and management processes within our ERM program and Disclosure Controls & Procedures (DC&P). Climate-related risks are identified, assessed, and mitigated annually through our ERM program. Issues that could materially impact the company are identified, and evaluated for potential disclosure by our Disclosure Committee pursuant to our DC&P. The Audit Committee of our Board of Directors oversees our ERM program and DC&P, and our Executive Leadership Team and the Board of Directors are responsible for setting and overseeing the strategic direction of the company, including the risks and opportunities created by climate-related matters. We underwent a climate-related scenario analysis to identify risks and opportunities and assess the company's resiliency. Climate scenarios and time horizons were based on IPCC guidance to illustrate the potential pathways and outcomes at each time horizon. Risks were assessed and prioritized using the ERM rating system and validated with the Strategy, Finance, Operations, and Engineering functions. The team assessed prioritized risks for likelihood and consequence under each scenario and used them to inform the company's climate strategy.

## C2.2a

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	<b>Relevance &amp; inclusion</b>	<b>Please explain</b>
Current regulation	Relevant, always included	<p>As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses. Uncertainty relating to laws or regulations may also affect how we operate, structure our investments and enforce our rights.</p> <p>In 2022, Carrier launched a robust suite of heating and cooling solutions well in advance of upcoming regulatory changes. The new, sustainable innovations are compliant with 2023 U.S. Department of Energy minimum efficiency and test procedure requirements. They include a lineup of single-stage and two-stage air conditioners and heat pumps, evaporator coils and fan coils that improve the efficiency and serviceability of HVAC systems and residential packaged products. In addition, Carrier launched light commercial products that improve performance and efficiency. To ensure a seamless transition to the 2023-ready solutions, Carrier provided comprehensive training and held large-scale events to educate distributors and dealers.</p>
Emerging regulation	Relevant, always included	<p>Changes in legislation, regulations and government policies, including with respect to regulations intended to combat climate change, affect our operations and business in the countries, regions and localities in which we operate and sell our products. International accords such as the Paris Agreement and the subsequent U.S. climate policies to meet its nationally determined contributions as well as local regulations in the U.S. reducing the use of fossil fuels in buildings all have the potential to impact our products and service offerings. Such changes, which can render our products and technologies non-compliant, involve refrigerants, noise levels, product and fire safety, hydrofluorocarbon emissions, fluorinated gases, hazardous substances and electric and electronic equipment waste. Increased fragmentation of regulatory requirements changes the manner in which we conduct our business and increases our costs because it necessitates the development of country or regional specific variants, monitoring of and compliance with those regulations and additional testing and certifications</p> <p>As an example, in 2022, Carrier Transicold introduced four new premium performance trailer refrigeration units that offer double-digit fuel efficiency improvements and lifetime compliance with emissions requirements of the California Air Resources Board (CARB). All reduce particulate emissions by 96% compared to current offerings and, depending on the application, improve fuel efficiency from</p>

		5%–20%. All four models also use R-452A, a CARB-compliant, new-generation refrigerant with a global warming potential 45% lower than that of the traditional TRU refrigerant, R-404A.
Technology	Relevant, always included	<p>Our research and development efforts, including those that advance environmental sustainability, may not culminate in new technologies or timely products, or may not meet the needs of our customers as effectively as competitive offerings. Our competitors may develop competing technologies that gain market acceptance before or instead of our products. In addition, we may not be successful in anticipating or reacting to changes in the regulatory environments in which our products are sold, and the markets for our products may not develop or grow as we anticipate.</p> <p>Carrier's 2030 ESG goals include investing over \$2 billion to develop healthy, safe, sustainable and intelligent building and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts.</p> <p>We develop frontier technologies, design with the product lifecycle in mind and continuously enhance our products to anticipate changes in environmental regulations. We also continue to invest in new capabilities and education to foster innovation across our company. We are advancing knowledge in controls, systems engineering and electrification, and reimagining our tools that help release software products faster, enhance customer satisfaction and optimize engineering costs. We offer a comprehensive suite of products, including sustainability as a service, that enables customers to achieve their energy and decarbonization goals. We are focused on driving emissions reductions, increasing energy efficiency and promoting sustainability across our product and service lifecycles.</p>
Legal	Relevant, always included	We are subject to a variety of litigation, legal and compliance risks including, without limitation, claims, lawsuits and/or regulatory enforcement actions relating to breach of contract, cybersecurity and data privacy, employment and labor, environmental and employee health and safety matters, global chemical compliance, intellectual property rights, personal injury, product safety and taxes as well as anti-corruption, competition and securities laws and other laws governing improper business practices. If found responsible in connection with such matters, we could be subject to significant fines, penalties, repayments and other damages (in certain cases, treble damages) and experience reputational harm.
Market	Relevant, always included	Our customers and the markets we serve may impose emissions or other environmental standards through regulation, market-based emissions policies or consumer preferences that we may not be able to timely meet due to our required level of capital investment and

		<p>technology advancement. While we are committed to pursuing sustainable solutions for our products, there can be no assurance that our development efforts will be successful, that our products will be accepted by the market, that proposed regulations or deregulation will not have an adverse effect on our competitive position, or that economic returns will justify our investments in new product development.</p> <p>We strengthened our position in the fast-growing variable refrigerant flow and heat pump market segments by acquiring Toshiba Carrier Corp. The acquisition presents significant opportunities for Carrier to drive growth through energy-efficient residential and light commercial solutions.</p> <p>In 2023, Carrier announced the acquisition of Viessmann Climate Solutions and planned divestiture of its Fire &amp; Security and Commercial Refrigeration businesses, which will transform the company's business portfolio and establish Carrier as a pure-play, global leader in intelligent climate and energy solutions. The acquisition is anticipated to position Carrier to lead in the rapid climate and energy transition in Europe, which is driving sustainable market growth.</p>
<p>Reputation</p>	<p>Relevant, sometimes included</p>	<p>We have set environmental, social and governance goals to be achieved by 2030, which include investing over \$2 billion to develop healthy, safe, sustainable and intelligent buildings and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts, reducing our customers' carbon footprint by more than 1 gigaton, achieving carbon neutral operations and reducing energy intensity by 10% across our operations. Although we intend to meet these goals, we may be required to expend significant resources to do so, which could increase our operational costs. If we are unable to make substantial progress toward or meet these goals, then we could incur adverse publicity and reaction from investors, activist groups or other stakeholders, which could adversely impact the perception of us and our products and services by current and potential customers, as well as investors, which could in turn adversely impact our results of operations.</p>
<p>Acute physical</p>	<p>Relevant, sometimes included</p>	<p>The effects of climate change, including increased frequency and intensity of weather conditions and water scarcity, create financial risks to our business. The potential impacts of climate change on our operations are highly uncertain and depend upon the unique geographic and environmental factors present. The effects of climate change could disrupt our operations by impacting the availability and cost of materials and by increasing insurance and other operating costs. Potential adverse impacts from climate change may create</p>

		<p>health and safety issues for employees operating at our facilities and may lead to an inability to maintain standard operating hours.</p> <p>Our supply chain could be impacted by climate change through extreme weather events, resulting in delivery or production disruptions and increased material costs. In addition, other issues with suppliers (such as capacity constraints, quality issues, consolidations, closings or bankruptcies), price increases, raw material shortages, or the decreased availability of trucks and other delivery services could also have a material adverse effect on our ability to meet our commitments to customers or increase our operating costs. Additionally, during 2021 and 2022, we have experienced multiple disruptions to our supply chain. This disruption has resulted, and may continue to result, in sufficient inventory not being available in a timely manner or during the appropriate season as well as higher freight and other logistic costs, including increased carrier rates, which could have a material adverse effect on our business.</p>
Chronic physical	Relevant, sometimes included	<p>The effects of climate change also may impact our decisions to construct new facilities or maintain existing facilities in the areas most prone to physical risks, which could similarly increase our operating and material costs. We could also face indirect financial risks passed through the supply chain that could result in higher prices for our products and the resources needed to produce them. Potential adverse impacts from climate change may create health and safety issues for employees operating at our facilities and may lead to an inability to maintain standard operating hours.</p>

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Market  
Changing customer behavior

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**Company-specific description**

Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment. As part of this analysis, we evaluated the transition risk to Carrier of failing to keep pace with consumer preferences for energy-efficient products leading to obsolete inventory in North America and Europe.

**Time horizon**

Long-term

**Likelihood**

Unlikely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

1,000,000,000

**Potential financial impact figure – maximum (currency)**

3,000,000,000

**Explanation of financial impact figure**

We conducted climate-related scenario analysis to identify risks and opportunities and assess the company's resiliency. Climate scenarios and time horizons were based on IPCC guidance to illustrate the potential pathways and outcomes at each time horizon. We assessed how the overall market size changes and relative market share evolves due to shift in customer preferences toward more efficient, low carbon products. We refined the scope to the residential and commercial HVAC products and considered the respective products categories and assessed efficiency compared to industry averages. We assumed no further innovation for Carrier products and/or adjustments to the product portfolio.

We ran the analysis using bespoke scenarios starting with the Shared Socioeconomic Pathways (SSPs) and related Integrated Assessment scenarios to simulate 1.5°C, 2°C and 4°C temperature increases to see potential impacts across very aggressive mitigation, some mitigation and business as usual climate change scenarios. We assessed these scenarios across short term (2025), medium term (2030) and long term

(2035). The data provided in this response captures the range of risk as estimated using a simulated 1.5°C increase a very aggressive mitigation climate change scenario and a simulated 2°C increase a more moderate climate risk scenario comparing both to a simulated 4°C increase business as usual in 2035.

**Cost of response to risk**

500,000,000

**Description of response and explanation of cost calculation**

Carrier conducts research and development activities with a focus on new product development and technology innovation. These costs are charged to expense as incurred. For the years ending December 31, 2022, 2021 and 2020, these costs amounted to \$539 million, \$503 million and \$419 million, respectively. We took the approximate annual average of \$500 million to estimate the annual cost of our response to climate change risk.

**Comment**

Our strategy involves leveraging our global operations, the strength of our iconic, industry-leading brands and our success in creating valuable partnerships to focus on targeted expansion into new locations and channels where we believe that we can drive profitable growth. These drivers are supported by research and development activities with a focus on new product development and new technology innovation. We also pursue potential acquisitions to enter new locations and channels as well as expand and enhance our current product portfolio. In addition, we launched Carrier Ventures, a global venture capital group that focuses on investments to accelerate the development of sustainable innovations and disruptive technologies to transform future building and cold chain management. The group engages in strategic partnerships with high growth organizations as they invest in the development of technologies to innovate and commercialize the next generation of differentiated net-zero solutions.

In 2023, Carrier announced the acquisition of Viessmann Climate Solutions and planned divestiture of our Fire & Security and Commercial Refrigeration businesses, which will transform our business portfolio and establish Carrier as a pure-play, global leader in intelligent climate and energy solutions. The acquisition is anticipated to position Carrier to lead in the rapid climate and energy transition in Europe, which is driving sustainable market growth. Geopolitical dynamics and the push for energy independence are driving European governments to promote and prioritize renewable and electric solutions for heating and cooling, which comprise approximately half of Europe's residential energy requirements. European governments are actively promoting heat pumps and renewable solutions to address these challenges and have implemented several related regulations and incentive programs that are expected to result in a significant growth opportunity for key climate solutions. The \$5 billion European heat pump segment, in which Viessmann Climate Solutions specializes, is expected to triple in size to \$15 billion by 2027.

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**Identifier**



Risk 2

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Market

Increased cost of raw materials

**Primary potential financial impact**

Other, please specify

Increased cost of direct and indirect (operating) costs

**Company-specific description**

Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment. As part of this analysis, we evaluated climate risks affecting Carrier's supplier base, resulting in higher input costs where Carrier anticipates expanded manufacturing capacity.

**Time horizon**

Long-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

156,000,000

**Potential financial impact figure – maximum (currency)**

260,000,000

**Explanation of financial impact figure**

Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment. As part of this analysis, we evaluated climate risks affecting Carrier's supplier base, resulting in higher input costs where Carrier anticipates expanded manufacturing capacity.

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

We conducted climate-related scenario analysis to identify risks and opportunities and assess the company's resiliency. Climate scenarios and time horizons were based on IPCC guidance to illustrate the potential pathways and outcomes at each time horizon. We assessed materials used during production (machinery and electrical equipment, steel, other metals and packaging, and chemicals and refrigerants), labor (direct and indirect) and energy (renewable electricity, non-renewable electricity and oil and gas use). We projected Carrier growth equal to that of the manufacturing sector and change in input costs for each of the materials, energy and labor categories for each climate scenario.

We ran the analysis using bespoke scenarios starting with the Shared Socioeconomic Pathways (SSPs) and related Integrated Assessment scenarios to simulate 1.5°C, 2°C and 4°C temperature increases to see potential impacts across very aggressive mitigation, some mitigation and business as usual climate change scenarios. We assessed these scenarios across short term (2025), medium term (2030) and long term (2035). The data provided in this response captures the range of risk as estimated using a simulated 1.5°C increase a very aggressive mitigation climate change scenario and a simulated 2°C increase a more moderate climate risk scenario comparing both to a simulated 4°C increase business as usual in 2035.

### **Comment**

Our Enterprise Risk Management addresses supplier risk as part of our business continuity planning process. We model our supplier locations, routes and essential raw material inputs to analyze the potential impact and likelihood of regulation, extreme weather events and black swan events impacting our supply and value chains at large. While we believe that we currently have adequate sources for materials, components and services, we work continuously with our supply base to ensure that we have adequate resources and to reduce costs. Accordingly, we consolidate purchases and suppliers, engage in global sourcing, implement design changes and implement competitive bidding. In certain instances, we depend upon a single source of supply or use commodities, such as rare-earth metals, that can be subject to allocations. Nonetheless, we believe that our supply management practices appropriately balance the foreseeable risks and the costs of alternative practices. Although at times high prices for some raw materials important to our business (e.g., steel, copper and aluminum) have caused margin and cost pressures, we do not foresee near-term unavailability that would have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. However, because we have a number of factories and suppliers outside the U.S., the imposition of tariffs, sanctions or unusually restrictive border-crossing rules could adversely affect our supply chain.

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### **Identifier**

Risk 3

### **Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Emerging regulation  
Carbon pricing mechanisms

**Primary potential financial impact**

Increased indirect (operating) costs

**Company-specific description**

Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment. As part of this analysis, we evaluated the transition risk of the introduction of a price on carbon increasing operating costs in regions in which we operate, including the U.S., Europe, China and Mexico.

**Time horizon**

Long-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

29,000,000

**Potential financial impact figure – maximum (currency)**

74,000,000

**Explanation of financial impact figure**

We conducted climate-related scenario analysis to identify risks and opportunities and assess the company's resiliency. Climate scenarios and time horizons were based on IPCC guidance to illustrate the potential pathways and outcomes at each time horizon. We assessed a carbon price designed to capture the direct costs of greenhouse gas emissions produced from our manufacturing locations. We assumed the carbon price risk for scope 1 greenhouse gas emissions as carbon costs are implicit in scope 2 emissions, purchased electricity. We modeled the increase in scope 1 greenhouse gas emissions through 2045 aligned with the anticipated growth of the manufacturing sector and assumed no decarbonization efforts by the company.

We ran the analysis using bespoke scenarios starting with the Shared Socioeconomic Pathways (SSPs) and related Integrated Assessment scenarios to simulate 1.5°C, 2°C and 4°C temperature increases to see potential impacts across very aggressive mitigation, some mitigation and business as usual climate change scenarios. We

assessed these scenarios across short term (2025), medium term (2030) and long term (2035). The data provided in this response captures the range of risk as estimated using a simulated 1.5°C increase a very aggressive mitigation climate change scenario and a simulated 2°C increase a more moderate climate risk scenario comparing both to a simulated 4°C increase business as usual in 2035.

#### **Cost of response to risk**

5,000,000

#### **Description of response and explanation of cost calculation**

To reach our goal to achieve carbon neutrality in our operations by 2030, we expect to incur capital expenditures for climate-related projects, including upgrading our facilities, equipment and controls to optimize energy efficiency, transitioning our energy consumption from a dependency on fossil fuels to renewable energy and expanding the electrification of our fleet vehicles. We are making both capital and operational investments annually to realize this goal and in 2022, invested \$5M toward these efforts.

#### **Comment**

Changes in legislation, regulations and government policies, including with respect to regulations intended to combat climate change, affect our operations and business in the countries, regions and localities in which we operate and sell our products. We are committed to complying with these regulations and to environmental stewardship. As a result, we have set goals to invest over \$2 billion by 2030 to develop healthy, safe, sustainable and intelligent buildings and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts. In addition, to reach our goal to achieve carbon neutrality in our operations by 2030, we expect to incur capital expenditures for climate-related projects including upgrading our facilities, equipment and controls to optimize energy efficiency, transition our energy consumption from a dependency on fossil fuels to renewable energy and expanding the electrification of our fleet vehicles.

## **C2.4**

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### **C2.4a**

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

---

#### **Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

Sustainable Products and Services: Our strategy involves driving organic growth in part by maintaining our proven track record of innovation, which is focused on designing smarter, more connected and more sustainable systems and solutions. Our strategy also relies on our iconic, industry-leading brands and on strengthening our long-term relationships with channel partners and customers by offering solutions that anticipate customer needs with a focus on technologies related to environmentally sustainable refrigerants, energy efficiency, low emissions, air quality, electrification, noise reduction and safety. In addition, we continue to actively manage and strengthen our business and product portfolio to meet the current and future needs of our customers. This is driven by sustaining activities with a focus on improving existing products and reducing production costs. We also pursue potential acquisitions to complement existing products and services to enhance our product portfolio.

We launched Carrier Ventures, a global venture capital group that focuses on investments to accelerate the development of sustainable innovations and disruptive technologies to transform future building and cold chain management. The group engages in strategic partnerships with high growth organizations as they invest in the development of technologies to innovate and commercialize the next generation of differentiated net-zero solutions.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

4,500,000,000

**Potential financial impact figure – minimum (currency)**

## **Potential financial impact figure – maximum (currency)**

### **Explanation of financial impact figure**

Carrier lives at the intersection of secular drivers, including health and wellness, sustainability, digitalization and a growing middle class. These trends are anticipated to increase our total addressable market by \$250 billion by 2030, and we believe Carrier is well positioned to capture more than our share of that opportunity.

In 2022, using externally published data from sources including Goldman Sach's Carbonomics report, we estimated that the annual infrastructure investments for global net zero by 2050 will increase from \$0.7T in 2020 to approximately \$1.1T by 2025. With this data, we estimated the total addressable market across the HVAC-R industry - and from there our own potential market share gains - to arrive at an annual opportunity of \$4.5B through 2030.

### **Cost to realize opportunity**

500,000,000

### **Strategy to realize opportunity and explanation of cost calculation**

Carrier conducts research and development activities with a focus on new product development and technology innovation. These costs are charged to expense as incurred. For the years ending December 31, 2022, 2021 and 2020, these costs amounted to \$539 million, \$503 million and \$419 million, respectively. We took the approximate annual average of \$500 million to estimate the annual cost of our response to climate change risk.

### **Comment**

Through our acquisition of Toshiba's HVAC business, we are supporting the transition to electrification with additional highly efficient variable refrigerant flow (VRF) and heat pump offerings. This complements our leading heat pump position in North America and our leading commercial HVAC heat pump position in Europe. Similarly, we are leading the transition toward electrification in transport refrigeration — now operating fully electric refrigeration units in 15 countries.

In 2023, Carrier announced strategic actions that will transform our business portfolio and establish Carrier as a pure-play, global leader in intelligent climate and energy solutions. The acquisition of Viessmann Climate Solutions is anticipated to position Carrier to lead in the rapid climate and energy transition in Europe, which is driving sustainable market growth. Geopolitical dynamics and the push for energy independence are driving European governments to promote and prioritize renewable and electric solutions for heating and cooling, which comprise approximately half of Europe's residential energy requirements. European governments are actively promoting heat pumps and renewable solutions to address these challenges and have implemented several related regulations and incentive programs that are expected to result in a significant growth opportunity for key climate solutions. The \$5 billion

European heat pump segment, in which Viessmann Climate Solutions specializes, is expected to triple in size to \$15 billion by 2027.

---

**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development of new products or services through R&D and innovation

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

Intelligent Climate Solutions: Our strategy focuses on digital capabilities to drive the evolution of our hardware to enable cloud connectivity, modernize legacy software and launch new platforms, products and services. We expect that these solutions will increase our total available market opportunity, enhance our predictive service and maintenance capabilities and strengthen our customer intimacy as well as fuel our aftermarket growth. Abound is a cloud-based building platform that unlocks and unites building data to create more healthy, safe, sustainable and intelligent solutions for indoor spaces. It gathers data from disparate systems, sensors and sources; identifies opportunities to optimize performance; and works with healthy building solutions to improve occupant experiences. Our Lynx digital platform, powered by Amazon Web Services and other collaborators, allows customers to leverage data to enhance visibility, resiliency, agility and efficiency in the cold chain to reduce loss and support real-time decisions. In addition, our product teams are deriving insights from data by employing AWS for connectivity, artificial intelligence and machine learning.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

3,500,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Carrier lives at the intersection of secular drivers, including health and wellness, sustainability, digitalization and a growing middle class. These trends are anticipated to increase our total addressable market by \$250 billion by 2030, and we believe Carrier is well positioned to capture more than our share of that opportunity.

In 2022, using externally published data from sources including International Data Corporation (IDC), we estimated that the annual global spend on digital transformation solutions will increase from \$4.4T in 2020 to \$9.1T in 2025. Using this data, we estimated the total addressable market across the HVAC-R industry and from there our own potential market share gains to arrive at annual opportunity of \$3.5B through 2030.

**Cost to realize opportunity**

500,000,000

**Strategy to realize opportunity and explanation of cost calculation**

Carrier conducts research and development activities with a focus on new product development and technology innovation. These costs are charged to expense as incurred. For the years ending December 31, 2022, 2021 and 2020, these costs amounted to \$539 million, \$503 million and \$419 million, respectively. We took the approximate annual average of \$500 million to estimate the annual cost of our response to climate change risk.

**Comment**

Carrier embraces our leadership role in helping to reduce greenhouse gas emissions through more efficient heating, cooling and cold chain solutions. We combine digital offerings with innovative technologies to help our customers reduce their carbon footprint and achieve their sustainability commitments. Our two flagship digital platforms, Abound for buildings and Lynx for the cold chain, enable customers to track and report emissions and to leverage artificial intelligence and machine learning to optimize asset utilization and help reduce their environmental impact.

---

**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Markets



**Primary climate-related opportunity driver**

Access to new markets

**Primary potential financial impact**

Increased revenues through access to new and emerging markets

**Company-specific description**

Urbanization and Health: Through our Healthy Buildings Program, Carrier provides solutions that inspire confidence in indoor spaces by optimizing them for human health, productivity, safety, security and sustainability. We leverage our expertise and innovative solutions to create healthy indoor environments in buildings around the world. Carrier's healthy building solutions include ventilation and filtration technologies, controls, touchless products and more. Indoor air quality assessments, ongoing monitoring and service offerings inform building owners of opportunities to mitigate potential issues and achieve peak performance and efficiency.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

2,000,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Today, the healthy buildings movement is a natural extension of the Environmental, Social and Governance (ESG) movement and is growing as it positively impacts building occupants and owners alike. Healthy building solutions and services address foundational elements that contribute to healthy building outcomes, including indoor air quality (IAQ), while helping to enhance sustainability and improve operational efficiency.

In 2022, using externally published data from sources including the Global Wellness Institute and The Brookings Institution, we estimated that the annual wellness economy will increase from approximately \$4.4T in 2020 to \$7T in 2025. Additionally, the growing middle-class population is expected to increase the current demand for comfort and cold chain solutions. With this data, we estimated the total addressable market across

the HVAC-R industry - and from there our own potential market share gains - to arrive at annual opportunity of \$2B through 2030.

**Cost to realize opportunity**

500,000,000

**Strategy to realize opportunity and explanation of cost calculation**

Carrier conducts research and development activities with a focus on new product development and technology innovation. These costs are charged to expense as incurred. For the years ending December 31, 2022, 2021 and 2020, these costs amounted to \$539 million, \$503 million and \$419 million, respectively. We took the approximate annual average of \$500 million to estimate the annual cost of our response to climate change risk.

**Comment**

Through our Healthy Buildings Program, Carrier provides solutions that inspire confidence in indoor spaces by optimizing them for human health, productivity, safety, security and sustainability. We leverage our expertise and innovative solutions to create healthy indoor environments in buildings around the world. Carrier's healthy building solutions include ventilation and filtration technologies, controls, touchless products and more. Indoor air quality assessments, ongoing monitoring and service offerings inform building owners of opportunities to mitigate potential issues and achieve peak performance and efficiency.

## C3. Business Strategy

### C3.1

**(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?**

**Row 1**

**Climate transition plan**

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

**Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future**

Carrier plans to reduce its greenhouse gas (GHG) emissions in line with the Science Based Targets initiative (SBTi) to limit global warming to 1.5° C. These new goals, including a net zero target, will build on Carrier's previous, ambitious 2030 ESG goals, and further support decarbonization efforts.

Carrier is targeting net-zero GHG emissions across its value chain by 2050, complementing its existing goal of helping its customers avoid more than 1 gigaton of GHG emissions by 2030. The company's comprehensive sustainability strategy

addresses scope 1, 2 and 3 emissions, covering enterprise-wide direct and indirect emissions. Near- and long-term goals addressing Carrier's scope 1, 2, and 3 emissions will be developed and published in accordance with the SBTi validation process. Once our goals are validated by SBTi and the supporting roadmaps are finalized, Carrier's transition plan will be completed.

## C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Use of climate-related scenario analysis to inform strategy	
Row 1	Yes, qualitative and quantitative

## C3.2a

**(C3.2a) Provide details of your organization's use of climate-related scenario analysis.**

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios Bespoke transition scenario	Country/area	1.5°C	Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment. We ran the analysis using bespoke scenarios starting with the Shared Socioeconomic Pathways (SSPs) and related Integrated Assessment scenarios to simulate 1.5°C, 2°C and 4°C temperature increases to see potential impacts across very aggressive mitigation, some mitigation and business as usual climate change scenarios. We assessed these scenarios across short term (2025), medium term (2030) and long term (2035). The data provided in this response captures the range of risk as estimated using a simulated 1.5°C increase ( a very aggressive mitigation climate change scenario) and a simulated 2°C increase (a more moderate climate risk scenario) comparing both to a simulated 4°C increase (business as usual scenario) in 2035.
Physical climate scenarios RCP 2.6	Country/area		Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment and narrowed the physical climate scenarios to areas with water scarcity risks. We ran the analysis across the Representative Concentration Pathways (RCP) 2.6, 6.0 and 8.5 to see potential impacts across very

			aggressive mitigation, some mitigation and business as usual climate change scenarios. We assessed these scenarios across short term (2025), medium term (2030) and long term (2035). The data provided in this response captures the range of risk as estimated using the RCP 2.6 ( a very aggressive mitigation climate change scenario) and RCP 6.0 (a more moderate climate risk scenario) comparing both to RCP 8.5 (business as usual scenario) in 2035.
Physical climate scenarios RCP 6.0	Country/area		Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment and narrowed the physical climate scenarios to areas with water scarcity risks. We ran the analysis across the Representative Concentration Pathways (RCP) 2.6, 6.0 and 8.5 to see potential impacts across very aggressive mitigation, some mitigation and business as usual climate change scenarios. We assessed these scenarios across short term (2025), medium term (2030) and long term (2035). The data provided in this response captures the range of risk as estimated using the RCP 2.6 ( a very aggressive mitigation climate change scenario) and RCP 6.0 (a more moderate climate risk scenario) comparing both to RCP 8.5 (business as usual scenario) in 2035.
Physical climate scenarios RCP 8.5	Country/area		Carrier conducted a climate risk assessment to further analyze climate risk as identified within our annual enterprise risk assessment and narrowed the physical climate scenarios to areas with water scarcity risks. We ran the analysis across the Representative Concentration Pathways (RCP) 2.6, 6.0 and 8.5 to see potential impacts across very aggressive mitigation, some mitigation and business as usual climate change scenarios. We assessed these scenarios across short term (2025), medium term (2030) and long term (2035). The data provided in this response captures the range of risk as estimated using the RCP 2.6 ( a very aggressive mitigation climate change scenario) and RCP 6.0 (a more moderate climate risk scenario) comparing both to RCP 8.5 (business as usual scenario) in 2035.

## C3.2b

**(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.**

### Row 1

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#### **Focal questions**

With regard to transition risk, we assessed the following risks, which were identified through Carrier's enterprise risk management process: market shifts with failing to keep pace with consumer preferences for energy efficient products, particularly in the US and Europe; increased input costs due to supplier disruptions associated with climate change and a price of carbon. We also assessed physical risks, specifically where we have operations that could be vulnerable to climate change.

#### **Results of the climate-related scenario analysis with respect to the focal questions**

Assuming no further innovation for Carrier products and/or adjustments to the product portfolio the climate scenario analysis estimated the net potential short term (2025) transition risk to be approximately \$400-600M and in the long-term (2035) transition risk to be approximately \$2.5-3B. The market shift to more energy efficient products represents the majority of the transition risk. We did not identify significant physical risks related to climate change within our building portfolio.

The climate-related scenario analysis validated Carrier's business strategy to be the global leader in intelligent climate and energy solutions. As an example, through our acquisition of Toshiba's HVAC business, we are supporting the transition to electrification with additional highly efficient variable refrigerant flow (VRF) and heat pump offerings. This complements our leading heat pump position in North America and our leading commercial HVAC heat pump position in Europe.

In 2023, Carrier announced strategic actions that will transform the Company's business portfolio and establish Carrier as a pure-play, global leader in intelligent climate and energy solutions. The acquisition is anticipated to position Carrier to lead in the rapid climate and energy transition in Europe, which is driving sustainable market growth. Geopolitical dynamics and the push for energy independence are driving European governments to promote and prioritize renewable and electric solutions for heating and cooling, which comprise approximately half of Europe's residential energy requirements. European governments are actively promoting heat pumps and renewable solutions to address these challenges and have implemented several related regulations and incentive programs that are expected to result in a significant growth opportunity for key climate solutions. The \$5 billion European heat pump segment, in which Viessmann Climate Solutions specializes, is expected to triple in size to \$15 billion by 2027.

### C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>It is estimated that 40% of global carbon emissions come from the building and construction sector. And more than one-third of the food produced for human consumption is lost before it can even make it to market, resulting in a significant carbon footprint. Carrier is helping to address these challenges through a comprehensive, integrated and growing suite of sustainability solutions and services that allow customers to reach their energy and decarbonization goals.</p> <p>Our suite of sustainability solutions – ranging from energy-efficient products to energy optimization services – are designed to reduce carbon emissions and support healthier communities. Additionally, Carrier is aiming to reduce its customers' carbon footprint by more than one gigaton by 2030 in part through a tailored approach for commissioning, specifying equipment and providing assessment services based on each customer's sustainability, operational and budgetary goals.</p> <p>Examples of our HVAC-R products and services include:</p> <ul style="list-style-type: none"> <li>- Building automation systems: Carrier's Automated Logic launched a cloud-based offering for its WebCTRL building automation system. The software-as-a-service solution is powered by Amazon Web Services and provides a predictable cost of ownership. It eliminates the need for customers to manage and update their own building automation servers and provides opportunities to scale for growth, optimize building operations and save energy while keeping occupants comfortable.</li> <li>- Service: At a time of energy cost increases, Carrier introduced an Energy Optimization Program in Europe to help deliver sustainable savings to businesses with small commercial refrigeration applications up through large industrial installations. Carrier offers on-site energy evaluations to provide custom recommendations on how to</li> </ul>

		reduce energy consumption through retrofits, modifications and energy-saving solutions.
Supply chain and/or value chain	Yes	<p>To achieve our 2030 ESG goal to establish a responsible supply chain program and assess key factory suppliers against program criteria, we follow a four-pillar strategy:</p> <ol style="list-style-type: none"> <li>1. Develop a clear understanding of sustainability performance across our supply chain.</li> <li>2. Strengthen supplier engagement and sustainability performance.</li> <li>3. Embed sustainability insights and criteria across our procurement procedures, processes and tools.</li> <li>4. Lead with a world-class program for supply chain sustainability.</li> </ol> <p>As part of the Carrier Quality Systems Audit, new suppliers are screened against sustainability related metrics to understand the environmental and health and safety management systems and processes they have in place to manage risk and track compliance. The screening questionnaire also focuses on recycling efforts and commodity management.</p> <p>For existing suppliers, Carrier uses EcoVadis, a third-party risk assessment platform and engagement tool, to assess top factory suppliers across key ESG topic areas, including labor practices, human rights, ethics, energy, climate and water. To incentivize performance, we require Carrier Preferred Suppliers to maintain a minimum score of 45 on the EcoVadis assessment.</p>
Investment in R&D	Yes	<p>Carrier innovates to accelerate the development of healthy, safe, sustainable and intelligent building and cold chain solutions. We design digitally enabled solutions and services with the product lifecycle in mind, and we proactively enhance our products in advance of regulatory changes. In 2022, for the eighth year in a row, we released more than 100 new products. We also have more than 9,000 active patents and pending patent applications worldwide combined. We are developing more connected and sustainable solutions, including new offerings on our Abound and Lynx platforms. In addition, the acquisition of Toshiba Carrier Corp. and newly announced Centers of Excellence in the United States and Europe will advance our product development in the heat pump segment. Our latest energy-efficient HVAC solutions and refrigeration systems use</p>

		<p>refrigerants with lower global warming potential and leverage digital capabilities to improve sustainable outcomes. Carrier is also shifting to electric building and cold chain technologies, while providing customers with more data about the health and safety of their homes through advanced sensing capabilities and mobile connectivity. We opened our first Carrier i3 Lab, an innovation incubator, to ignite the development of disruptive, breakthrough technologies and empower Carrier teams to develop, test and learn quickly. Carrier collaborates with several universities to support technological advancements. At the University of Notre Dame, we established the Willis Carrier Centrifugal Compressor Technology Laboratory and a Carrier Center of Excellence. Students will work with researchers and support Carrier in advancing product designs.</p>
Operations	Yes	<p>Carrier plans to reduce its greenhouse gas emissions in line with the Science Based Targets initiative (SBTi) to limit global warming to 1.5° C. These new goals, including a net zero target, will build on Carrier's previous, ambitious 2030 ESG goals, which include carbon neutral operations, and further support decarbonization efforts.</p> <p>Carrier is also expanding its investments in support of its goal of carbon neutral operations, with a focus on renewable energy and high-quality carbon sequestration credits. Specifically:</p> <ul style="list-style-type: none"> <li>- Deploying Carrier's onsite renewable energy strategy with the installation of a 3MW solar array system at Carrier's Shanghai campus. This will provide approximately 25% of the site's annual electricity consumption, resulting in a CO<sub>2</sub>e reduction of ~1,200 metric tons per year.</li> <li>- Becoming an early investor and limited partner in the recently launched Climate Asset Management - Nature Based Carbon Fund, which targets independently validated projects to reduce or avoid the release of GHG emissions into the atmosphere. The projects focus on nature-based solutions in developing economies that aim to deliver biodiversity improvements at scale for climate resilience and community benefits.</li> <li>- Participating in greening the electrical grid via acquisition of registered and certified Renewable Energy Certificates for site-specific renewable energy projects.</li> <li>- Adding Carrier's Abound™ Net Zero Management digitally enabled lifecycle sustainability solution at company facilities around the world. The application provides building owners</li> </ul>



		and managers with a simple, automated approach to measure, track, view and report energy and carbon performance across their entire property portfolio in real time to help meet ESG goals.
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### C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments	<p>Our corporate strategy is anchored on providing intelligent climate and energy solutions to our customers and doing so informs our operational and research &amp; design investments as well as partnerships and mergers and acquisitions activities.</p> <p>Our strategy also relies on our iconic, industry-leading brands and on strengthening our long-term relationships with channel partners and customers by offering solutions that anticipate customer needs with a focus on technologies related to environmentally-sustainable refrigerants, energy efficiency, low emissions, air quality, electrification, noise reduction and safety. In addition, we continue to actively manage and strengthen our business and product portfolio to meet the current and future needs of our customers. This is driven by sustaining activities with a focus on improving existing products and reducing production costs. We also pursue potential acquisitions to complement existing products and services to enhance our product portfolio.</p> <p>We launched Carrier Ventures, a global venture capital group that focuses on investments to accelerate the development of sustainable innovations and disruptive technologies to transform future building and cold chain management. The group engages in strategic partnerships with high growth organizations as they invest in the development of technologies to innovate and commercialize the next generation of differentiated net zero solutions.</p> <p>We have set environmental, social and governance goals to be achieved by 2030, which include investing over \$2 billion to develop healthy, safe, sustainable and intelligent buildings and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts, reducing our customers' carbon footprint by more than 1 gigaton, achieving carbon neutral operations and reducing energy intensity by 10% across our operations. We may be required to expend significant resources to do so, which could increase our operational costs.</p>

## C3.5

**(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?**

Identification of spending/revenue that is aligned with your organization’s climate transition	
Row 1	No, but we plan to in the next two years

## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

No target

### C4.1c

**(C4.1c) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.**

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years	Our current 2030 ESG goals include achieving carbon neutrality for our scope 1 and 2 GHG emissions. Our carbon neutrality target is neither an absolute nor an intensity reduction. As such, in 2023, Carrier announced plans to reduce its GHG emissions in line with the Science Based Targets initiative (SBTi) to limit global warming to 1.5° C. These new goals, including a net zero target, will build on Carrier's previous, 2030 ESG goals, and further support decarbonization efforts.	<p>Carrier is targeting net-zero GHG emissions across its value chain by 2050, complementing its existing goal of helping its customers avoid more than 1 gigaton of GHG emissions by 2030. The company's comprehensive sustainability strategy addresses scope 1, 2 and 3 emissions, covering enterprise-wide direct and indirect emissions. Near- and long-term goals addressing Carrier's scope 1, 2, and 3 emissions will be developed and published in accordance with the SBTi validation process.</p> <p>Carrier is re-baselining our GHG footprint to account for recent divestiture and acquisition activities, including the divestiture of the Chubb business and the acquisition of Toshiba Carrier Corp. We intend to complete greenhouse gas re-</p>

			baselining for scope 1,2 and 3 GHG emissions in 2023 as part of our business integration efforts.
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## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Other climate-related target(s)

## C4.2b

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**

Oth 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Intensity

**Target type: category & Metric (target numerator if reporting an intensity target)**

Energy productivity  
units of revenue

**Target denominator (intensity targets only)**

GJ

**Base year**

2020

**Figure or percentage in base year**

4,194,215

**Target year**

2030

**Figure or percentage in target year**

10

**Figure or percentage in reporting year**

3,571,911

**% of target achieved relative to base year [auto-calculated]**

14.8372337547

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

Yes, Carrier's 2030 ESG goals include carbon neutral operations by 2030 and, aligned with that goal, we also committed to reducing energy intensity by 10% across our operations. Energy-efficiency measures support the attainment of this goal by focusing efforts on reducing energy consumption within our manufacturing facilities. The reduction in energy consumption will have a direct impact on both our scope 1 and 2 GHG emissions.

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

The target coverage is our operational footprint, owned and leased assets.

**Plan for achieving target, and progress made to the end of the reporting year**

**List the actions which contributed most to achieving this target**

In 2022, we implemented several initiatives to support our carbon neutrality and energy intensity targets:

**Energy Audits:** We partnered with our NORESKO business to conduct energy audits across our largest energy-consuming sites, including Athens, Georgia; Collierville, Tennessee; Indianapolis, Indiana; Monterrey, Mexico; and Syracuse, New York. Across the globe, we completed 22 energy audits and identified energy-efficiency and GHG-reduction projects supporting our carbon neutrality strategy.

**Energy Efficiency:** We piloted an initiative to address compressed air leakage points within our Monterrey, Mexico, campus. The pilot is expected to save energy and reduce emissions by approximately 900 tCO<sub>2</sub>e annually. We are expanding the initiative globally based on the successful implementation of this pilot. We also installed heat recovery equipment within the paint shop process at our Myto, Czech Republic, facility that enabled us to repurpose waste heat to heat potable water. This is expected to reduce annual emissions at the site by approximately 1,000 tCO<sub>2</sub>e. We are assessing comparable retrofits across our global facilities with similar waste heat operations.

**Energy Conservation:** Our companywide "shut-it-off" programs focus on shutting off office and facility equipment when not in use to conserve energy. For example, our GST facility in China implemented energy-saving measures, including turning off the lights for an hour a day during break time and turning off lighting in well-lit areas. In five months,

these efforts resulted in a total energy savings of more than 63,000 kilowatt hours, the GHG emissions equivalent of approximately 40 tCO<sub>2</sub>e.

Fleet Decarbonization: Vehicle fleet emissions make up 27% of our overall scope 1 emissions. With this in mind, we launched a fleet decarbonization plan, focused on converting to hybrid vehicles, piloting electric vehicle fleets, implementing a global fleet-tracking program and incorporating incentive programs.

### C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

#### C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO<sub>2</sub>e savings.**

	Number of initiatives	Total estimated annual CO <sub>2</sub> e savings in metric tonnes CO <sub>2</sub> e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	15	8,250
Implemented*	0	0
Not to be implemented	5	1,000

#### C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Energy efficiency in production processes  
Compressed air

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

3,500

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

1,000,000

**Investment required (unit currency – as specified in C0.4)**

600,000

**Payback period**

<1 year

**Estimated lifetime of the initiative**

1-2 years

**Comment**

We use compressed air systems across our manufacturing facilities and these units require regular maintenance to ensure they operate as designed. We piloted an initiative to address compressed air leakage points within our Monterrey, Mexico, campus. The project pilot is expected to save energy and reduce greenhouse gas emissions. We intend to expand the initiative globally based on the successful implementation of this pilot

---

**Initiative category & Initiative type**

Energy efficiency in production processes  
Machine/equipment replacement

**Estimated annual CO2e savings (metric tonnes CO2e)**

1,900

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

130,000

**Investment required (unit currency – as specified in C0.4)**

1,000,000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

We launched an initiative to change the aluminum coil degreasing process in our Mexico facility from natural gas-based thermal degreasing to electric plasma degreasing. This is expected to result in manufacturing floor space savings, reduced energy consumption and reduced tCO<sub>2</sub>e emissions.

---

**Initiative category & Initiative type**

Energy efficiency in production processes  
Waste heat recovery

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

1,000

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

260,000

**Investment required (unit currency – as specified in C0.4)**

180,000

**Payback period**

<1 year

**Estimated lifetime of the initiative**

3-5 years

**Comment**

We installed heat recovery equipment within the paint shop process at our Myto, Czech Republic, facility that enabled us to repurpose waste heat to heat potable water. This is expected to reduce annual emissions by approximately 1,000 tCO<sub>2</sub>e. We are assessing comparable retrofits across our global facilities with similar waste heat operations

---

**Initiative category & Initiative type**

Energy efficiency in buildings  
Other, please specify  
Building envelope

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

500

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

180,000

**Investment required (unit currency – as specified in C0.4)**

740,000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Our Charlotte, North Carolina, factory had many dock door systems that were functioning poorly and often left open to save time and effort while loading and unloading materials. This allowed the conditioned air of the shop to escape and increased our energy usage. We launched a project to replace dock door seals, replace high maintenance insulated doors, replace high-speed doors, upgrade door operators, repair/replace dock leveling systems and replace truck restraints. This is expected to reduce our energy consumption, reduce emissions and reduce maintenance.

---

**Initiative category & Initiative type**

Energy efficiency in production processes  
Compressed air

**Estimated annual CO2e savings (metric tonnes CO2e)**

670

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

355,000

**Investment required (unit currency – as specified in C0.4)**

955,000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

11-15 years



**Comment**

Across our manufacturing sites, we made investments to improve the efficiency of our compressors. These projects included replacing compressors with more efficient equipment, consolidating compressor needs and leveraging controls to centralize compressor management.

**Initiative category & Initiative type**

Energy efficiency in buildings  
 Building Energy Management Systems (BEMS)

**Estimated annual CO2e savings (metric tonnes CO2e)**

430

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

105,000

**Investment required (unit currency – as specified in C0.4)**

495,000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

At two of our manufacturing facilities, we installed building automation systems to provide facility managers with software tools to manage energy conservation measures, identify key operational problems and analyze the results.

**C4.3c**

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for energy efficiency	In 2022, Carrier allocated \$5M for both CapEx and OpEx initiatives in support of our carbon neutrality goal. Our manufacturing facilities presented site-specific GHG reduction projects with supporting business cases. Projects with longer payback periods than traditional CapEx projects were considered to encourage proposals and participation. The process was overseen by members of Carrier's

	Executive Leadership Team, including our Chairman & Chief Financial Officer and our SVP of Operations.
Dedicated budget for low-carbon product R&D	Our 2030 ESG goals include investing over \$2 billion to develop healthy, safe, sustainable and intelligent building and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts. From 2020 through 2022, we invested over \$730M toward sustainable product development. This target enables progress against our Gigaton Goal, which supports customers in reducing their carbon footprint by more than 1 gigaton through our energy efficiency and lower GWP products and services.

## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

Yes

### C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

#### Level of aggregation

Group of products or services

#### Taxonomy used to classify product(s) or service(s) as low-carbon

Other, please specify

The Corporate Knights Sustainable Economy Taxonomy

#### Type of product(s) or service(s)

Heating and cooling

Other, please specify

Carrier estimates the avoided GHG emissions from the adoption of high-efficiency and lower GWP refrigerant HVAC-R and from Carrier's energy services businesses as well as avoided food waste beginning in 2020 through 2030.

#### Description of product(s) or service(s)

Progress against Carrier's Gigaton Goal estimates avoided GHG emissions from the adoption of high-efficiency and lower GWP refrigerant HVAC-R and from Carrier's energy services businesses as well as avoided food waste beginning in 2020 through 2030.

**Have you estimated the avoided emissions of this low-carbon product(s) or service(s)**

Yes

#### Methodology used to calculate avoided emissions

Other, please specify

We account for avoided emissions for products sold in the reporting year relative to the industry standard. The scope includes our HVAC-R products.

**Life cycle stage(s) covered for the low-carbon product(s) or services(s)**

Use stage

**Functional unit used**

mt CO<sub>2</sub>e

**Reference product/service or baseline scenario used**

2020

**Life cycle stage(s) covered for the reference product/service or baseline scenario**

Use stage

**Estimated avoided emissions (metric tons CO<sub>2</sub>e per functional unit) compared to reference product/service or baseline scenario**

212,000,000

**Explain your calculation of avoided emissions, including any assumptions**

The model compares projected GHG emissions from available Carrier products to emissions from representative baseline products, with the difference representing the estimated avoided emissions. The model also incorporates energy savings as measured from energy service contracts. We intend to include additional Carrier products, services and businesses in these calculations as data becomes available. Avoided GHG emissions from high-efficiency and lower GWP refrigerant technologies are calculated by estimating the lifetime expected avoided emissions from products sold in the year of sale for each year reported.

The model also includes avoided net GHG emissions from food waste across the same time period. As global markets and infrastructure strengthen, so too does the ability to sustainably refrigerate food in these emerging markets, reducing the amount of food lost or wasted along the food supply chain. Referencing third-party research, Carrier estimates the amount of avoided food waste and its associated GHG emissions through the adoption of cold chain technologies. We account for the avoided GHG emissions within the year of sale only.

In 2022, approximately 50% of our HVAC and Transport Refrigeration revenue was clean technology. This excludes Toshiba Carrier Corporation.

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**

50

## C5. Emissions methodology

### C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

### C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

Row 1

**Has there been a structural change?**

Yes, an acquisition

Yes, a divestment

**Name of organization(s) acquired, divested from, or merged with**

Chubb, Toshiba Carrier Corp

**Details of structural change(s), including completion dates**

In January 2022, Carrier sold our Chubb fire and security business. This response does not include Chubb data for 2022; however, Chubb is included in the data provided for previous years.

In July 2022, Carrier acquired Toshiba Carrier Corp. (TCC), a long-standing joint venture between Carrier and Toshiba. TCC is a global provider of residential and light commercial HVAC solutions, including variable refrigerant flow and heat pump products. Data from TCC has not been fully integrated into Carrier's reporting systems and, therefore, is not included in this response.

### C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

Change(s) in methodology, boundary, and/or reporting year definition?	
Row 1	No

### C5.1c

**(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?**

	Base year recalculation	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	No, because we do not have the data yet and plan to recalculate next year	We use a threshold of a 5% change in our energy and GHG emissions figures to trigger rebaselining.	No

## C5.2

### (C5.2) Provide your base year and base year emissions.

#### Scope 1

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

186,812

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

#### Scope 2 (location-based)

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

196,033

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

#### Scope 2 (market-based)

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3 category 1: Purchased goods and services**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3 category 2: Capital goods**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3 category 4: Upstream transportation and distribution**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3 category 5: Waste generated in operations**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3 category 6: Business travel**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

### Scope 3 category 7: Employee commuting

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

### Scope 3 category 8: Upstream leased assets

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

### Scope 3 category 9: Downstream transportation and distribution

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.



### Scope 3 category 10: Processing of sold products

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Not applicable to Carrier's operations.

### Scope 3 category 11: Use of sold products

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

### Scope 3 category 12: End of life treatment of sold products

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

### Scope 3 category 13: Downstream leased assets

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3 category 14: Franchises**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Not applicable to Carrier's operations.

**Scope 3 category 15: Investments**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Due to our recent divestiture of Chubb and acquisition of Toshiba Carrier Corp., Carrier is current reassessing base year emissions to establish an accurate baseline for science-based target setting.

**Scope 3: Other (upstream)**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

Other upstream emissions are not applicable to Carrier's operations.

**Scope 3: Other (downstream)**

---

**Base year start**

December 1, 2019

**Base year end**

November 30, 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Other downstream emissions are not applicable to Carrier's operations.

## C5.3

**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

IEA CO2 Emissions from Fuel Combustion

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources

US EPA Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources

US EPA Emissions & Generation Resource Integrated Database (eGRID)

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO2e)**

187,559

**Comment**

Carrier committed to reducing energy intensity by 10% across our operations by 2030, supporting our operational carbon neutrality goal. We reduce energy consumption through conservation and efficiency initiatives tailored to specific facility conditions and energy use patterns. In 2022, vehicle fleet emissions make up 27% and refrigerant

leakage accounts for 36% of our overall scope 1 GHG emissions.

## C6.2

### (C6.2) Describe your organization's approach to reporting Scope 2 emissions.

#### Row 1

---

##### Scope 2, location-based

We are reporting a Scope 2, location-based figure

##### Scope 2, market-based

We are reporting a Scope 2, market-based figure

##### Comment

Informed by regular energy audits, our sites are required to review, select and implement best management practices to achieve energy and GHG emission reductions, including:

- Making building retrofit improvements to reduce heating and cooling needs.
- Using electric load management to reduce energy needs during peak times.
- Installing energy-efficient lighting fixtures and monitors.
- Identifying and fixing compressed air system leaks.
- Implementing "shut-it-off" programs to reduce equipment energy use when not in operation.

## C6.3

### (C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?

#### Reporting year

---

##### Scope 2, location-based

178,786

##### Scope 2, market-based (if applicable)

145,354

##### Comment

Our renewable energy strategy includes on-site installations, direct procurement and renewable energy credits (RECs). We assess renewable energy opportunities, starting with our global manufacturing and research and development centers. In 2022, we installed a solar array system at our research and development campus in Shanghai that is expected to account for approximately 25% of the site's annual electricity consumption. Additionally, Carrier purchased 134,000 megawatt-hours of Green-e certified RECs, generated from U.S. wind farms.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

### C6.4a

**(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.**

---

#### **Source of excluded emissions**

The Scope 3, Category 11: Use of Sold Products only considers emissions from refrigerant-based global HVAC and Refrigeration products, and North American furnace products.

#### **Scope(s) or Scope 3 category(ies)**

Scope 3: Purchased goods and services

#### **Relevance of Scope 1 emissions from this source**

#### **Relevance of location-based Scope 2 emissions from this source**

#### **Relevance of market-based Scope 2 emissions from this source**

#### **Relevance of Scope 3 emissions from this source**

Emissions are relevant but not yet calculated

#### **Date of completion of acquisition or merger**

#### **Estimated percentage of total Scope 1+2 emissions this excluded source represents**

#### **Estimated percentage of total Scope 3 emissions this excluded source represents**

3

#### **Explain why this source is excluded**

We are in the process of finalizing the methodology and internal reporting process to account for our European furnace business. We also excluded our Fire & Security business from the calculation and focused instead on our material products within our HVAC and Refrigeration businesses. Additionally, in 2023, we announced our intention to exit our Fire & Security business.

**Explain how you estimated the percentage of emissions this excluded source represents**

Our estimation is based on the relative size of the business.

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### Purchased goods and services

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

3,851,000

**Emissions calculation methodology**

Spend-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Total Category 1 emissions are calculated using supplier-specific spend-based emission factors. Emission factors are sourced from the 2023 USEEIO Emission Factors v1.2 database.

### Capital goods

---

**Evaluation status**

Not relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

33,000

**Emissions calculation methodology**

Spend-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Total Category 2 emissions are calculated using supplier-specific spend-based emission factors. Emission factors are sourced from the 2023 USEEIO Emission Factors v1.2 database.

**Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Evaluation status**

Not relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

47,000

**Emissions calculation methodology**

Fuel-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

**Please explain**

Total Category 3 emissions are calculated using Well-To-Tank (WTT) emission factors for all relevant energy sources. WTT emission factors are sourced from the 2023 DEFRA emission factors database.

**Upstream transportation and distribution**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

1,146,000

**Emissions calculation methodology**

Spend-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Total Category 4 emissions are calculated using spend-based emission factors that are specific to all relevant modes of transportation and distribution. Emission factors are sourced from the 2023 USEEIO Emission Factors v1.2 database.

**Waste generated in operations**

---

**Evaluation status**

Not relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

39,000

**Emissions calculation methodology**

Waste-type-specific method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Total Category 5 emissions are calculated using emission factors based on waste type and waste management method. Emission factors are sourced from the 2023 EPA Emission Factors for GHG Inventories. Since global data was unavailable for this category, calculation results were scaled up to reflect a globally comprehensive and conservative figure.

**Business travel**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Based on our initial estimates, the Category 6 emissions are de minimis relative to our overall carbon footprint; however, we are in the process of developing an estimate for external reporting.

**Employee commuting**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Based on our initial estimates, the Category 7 emissions are de minimis relative to our overall carbon footprint; however, we are in the process of developing an estimate for external reporting.

**Upstream leased assets**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Category 8 emissions are captured in the scope 1 and scope 2 emissions profile.

**Downstream transportation and distribution**

---

**Evaluation status**

Not relevant, explanation provided



**Please explain**

Based on our initial estimates, the Category 9 emissions are de minimis relative to our overall carbon footprint; however, we are in the process of developing an estimate for external reporting.

**Processing of sold products**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Category 10 emissions captured in the scope 1 and scope 2 emissions profile.

**Use of sold products**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

254,781,000

**Emissions calculation methodology**

Methodology for direct use phase emissions, please specify

Explained in comment

Methodology for indirect use phase emissions, please specify

Explained in comment

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Carrier developed a comprehensive modelling approach to calculate use phase emissions for its HVAC-R product portfolio. Use phase emissions calculations fall into three primary categories: indirect electricity emissions, fuel combustion emissions, and refrigerant emissions:

- Indirect electricity emissions: Emissions that are indirectly generated due to product energy usage. Total energy usage for products depends on variables such as equipment capacity and energy efficiency. For stationary equipment, these variables are dependent on the region of product sale.
- Fuel combustion emissions: Emissions that result from product fuel combustion.
- Refrigerant emissions: Emissions that occur from product refrigerant leakage during product lifetime in addition to refrigerants that are not captured during end-of-life recovery. Total CO<sub>2</sub>e emissions for this category depend on the GWP value of refrigerants charged to products, as well as annual leakage rates and end-of-life one-time missed recovery rates.

Together, the summation of these categories comprises the total use phase CO<sub>2</sub>e emissions values for each unique product line.

## End of life treatment of sold products

---

### Evaluation status

Relevant, not yet calculated

### Please explain

Carrier is currently working towards gathering the required data to conduct emissions calculations for this category.

## Downstream leased assets

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Category 13 emissions are not relevant to Carrier, as the company does not lease assets to others.

## Franchises

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Category 14 emissions are not relevant to Carrier, as the company does not operate any franchises.

## Investments

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Based on our initial estimates, the Category 15 emissions are de minimis relative to our overall carbon footprint; however, we are in the process of developing an estimate for external reporting.

## Other (upstream)

---

### Evaluation status

Not relevant, explanation provided

### Please explain

n/a

## Other (downstream)

---

### Evaluation status

Not relevant, explanation provided

### Please explain

n/a

## C-CG6.6

**(C-CG6.6) Does your organization assess the life cycle emissions of any of its products or services?**

	Assessment of life cycle emissions	Comment
Row 1	Yes	<p>Design plays a critical role in determining the environmental impact of our products and solutions. Our design process relies on a thorough understanding of the use, performance and longevity of our products. We design with the product lifecycle in mind. We also continuously improve our tools and develop advanced methods to design sustainable products that improve quality and safety and reduce time to market. We pursue new capabilities in systems engineering, sensing and power electronics management to create electric solutions that reduce the environmental footprint of our products while improving the health, safety and well-being of our customers.</p> <p>We use model-based systems to optimize our product designs, material use and packaging to achieve the smallest possible material footprint while maintaining performance. Our design tools allow us to determine and compare system and material changes in an agile manner, leading to more innovative and sustainable products and more cost-effective solutions for our customers.</p>

## C-CG6.6a

**(C-CG6.6a) Provide details of how your organization assesses the life cycle emissions of its products or services.**

	Products/services assessed	Life cycle stage(s) most commonly covered	Methodologies/standards/tools applied	Comment
Row 1	On a case-by-case basis	Use stage	French Product Environmental Footprint	Environmental product declarations can help customers make informed purchasing decisions. The declarations focus on GHG emissions, energy use, water consumption and material content. Carrier provides sustainability and

				<p>product transparency by adopting an ISO 14025 (Environmental Labels and Declarations) compliant approach to lifecycle assessment within our product offerings. Our European Commercial HVAC business created certified Product Environmental Profiles (PEPs) that quantify environmental information on the lifecycle of products sold. By the end of 2022, the team completed 18 PEPs and is on track to create certification profiles by the end of 2023 for 100% of the products that use lower GWP refrigerants. Product Environmental Profiles can be found here: <a href="https://register.pep-ecopassport.org/pep/consult">https://register.pep-ecopassport.org/pep/consult</a></p>
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## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

18.7

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

366,345

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

19,643,000

**Scope 2 figure used**

Location-based

**% change from previous year**

12

**Direction of change**

Decreased

**Reason(s) for change**

Divestment

**Please explain**

Chubb was divested in January 2022, impacting mainly on scope 1 emissions from fleet vehicles by reducing 60% of fleet vehicles' fuel consumption from 2021 to 2022. Additionally, 2022 environmental and revenue data includes Giwee (acquired in 2021) and excludes acquisitions completed in 2022, such as Toshiba Carrier Corp.

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

### C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	119,702	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	140	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	826	IPCC Fifth Assessment Report (AR5 – 100 year)

HFCs	66,891	IPCC Fifth Assessment Report (AR5 – 100 year)
PFCs	0	IPCC Fifth Assessment Report (AR5 – 100 year)
SF6	0	IPCC Fifth Assessment Report (AR5 – 100 year)
NF3	0	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify HFCFCs	0.11	IPCC Fifth Assessment Report (AR5 – 100 year)

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.**

Country/area/region	Scope 1 emissions (metric tons CO2e)
North America	102,150
South America	266
Europe, Middle East and Africa (EMEA)	38,808
Asia Pacific (or JAPA)	46,335

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

### C7.3a

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

Business division	Scope 1 emissions (metric ton CO2e)
HVAC	141,220
Refrigeration	19,392
Fire & Security	8,040
Carrier WHQ	18,907

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.**

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
---------------------	--	--

North America	105,278	
South America	81	
Europe, Middle East and Africa (EMEA)	17,250	
Asia Pacific (or JAPA)	56,177	

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

### C7.6a

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
HVAC	99,666	
Refrigeration	11,588	
Fire & Security	41,348	
Carrier WHQ	26,185	

## C7.7

**(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?**

No

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

### C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions	Direction of change in emissions	Emissions value (percentage)	Please explain calculation

	(metric tons CO2e)			
Change in renewable energy consumption	0	No change	0	Since we are using location-based figures to respond to this question, we are not accounting for the purchase of renewable energy made in 2022.
Other emissions reduction activities	33,933	Decreased	8.13	Carrier's CO2e reduction efforts were implemented during the second half of 2021, and the first half of 2022 contributed to reducing 33,933 Tons of CO2e; our total Scope 1 and 2 emissions in the previous year was 417,602. Therefore, we arrived at -8.13% through $(-33,933/417,602) * 100 = -8.13\%$
Divestment	54,800	Decreased	13.12	Last year 54,800 Tons of CO2e were removed by our emissions due to Chubb's divestiture; our total scope 1 and 2 emissions in the previous year was 417,602. Therefore, we arrived at -13.12% through $(-54,800/417,602) * 100 = -13.12\%$
Acquisitions	33,669	Increased	8.06	Last year 33,669 Tons of CO2e were aggregated to Carrier's emissions due to Giwee Group acquisitions; our total scope 1 and 2 emissions in the previous year was 417,602. Therefore, we arrived at -8.06% through $(33,669/417,602) * 100 = -8.06\%$
Mergers	0	No change	0	No changes due to mergers.
Change in output	3,811	Increased	0.91	Despite Carrier's CO2e reduction efforts, some of our manufacturing sites increased annual production due to the company's organic growth increasing 3,811 Tons of CO2e; our total scope 1 and 2 emissions in the previous year were 417,602. Therefore, we arrived at 0.91% through $(3,811/417,602) * 100 = 0.91\%$
Change in methodology	0	No change	0	No changes in methodology.
Change in boundary	0	No change	0	No changes in boundary.



Change in physical operating conditions	0	No change	0	No changes in physical operating conditions.
Unidentified	0	No change	0	No additional changes.
Other	0	No change	0	No additional changes.

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C-CG7.10

**(C-CG7.10) How do your total Scope 3 emissions for the reporting year compare to those of the previous reporting year?**

This is our first year of reporting

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes

Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

## C8.2a

**(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	536,530	536,530
Consumption of purchased or acquired electricity		3,098	436,663	439,761
Consumption of purchased or acquired steam		0	12,891	12,891
Consumption of self-generated non-fuel renewable energy		2,657		2,657
Total energy consumption		5,755	986,084	991,839

## C8.2b

**(C8.2b) Select the applications of your organization’s consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	Yes

Consumption of fuel for co-generation or tri-generation	No
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## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### Sustainable biomass

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

Carrier has not consumed sustainable biomass,

### Other biomass

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

Carrier has not consumed biomass,

**Other renewable fuels (e.g. renewable hydrogen)**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

Carrier has not consumed Other renewable fuels,

**Coal**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

Carrier has not consumed coal directly.

**Oil**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

248,700

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

This category includes the following fuels: propane, gasoline, diesel, jet fuel, distillate oil (oil #2), and oil #4

**Gas**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

287,830

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

This category includes only natural gas,

**Other non-renewable fuels (e.g. non-renewable hydrogen)**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

Not applicable

**Total fuel**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

536,530

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

**MWh fuel consumed for self-generation of cooling**

**Comment**

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	<b>Total Gross generation (MWh)</b>	<b>Generation that is consumed by the organization (MWh)</b>	<b>Gross generation from renewable sources (MWh)</b>	<b>Generation from renewable sources that is consumed by the organization (MWh)</b>
Electricity	3,015	3,105	2,657	2,657
Heat				

Steam				
Cooling				

## C8.2e

**(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.**

### Country/area of low-carbon energy consumption

United States of America

### Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

### Energy carrier

Electricity

### Low-carbon technology type

Wind

### Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

134,000

### Tracking instrument used

US-REC

### Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

### Are you able to report the commissioning or re-powering year of the energy generation facility?

No

### Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

### Comment

Our renewable energy strategy includes on-site installations, direct procurement and renewable energy credits (RECs). We assess renewable energy opportunities, starting with our global manufacturing and research and development centers. In 2022, we installed a solar array system at our research and development campus in Shanghai that is expected to account for approximately 25% of the site's annual electricity

consumption. Additionally, Carrier purchased 134,000 megawatt-hours of Green-e certified RECs, generated from U.S. wind farms.

## C8.2g

**(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.**

---

### Country/area

Brazil

### Consumption of purchased electricity (MWh)

777

### Consumption of self-generated electricity (MWh)

0

### Consumption of purchased heat, steam, and cooling (MWh)

0

### Consumption of self-generated heat, steam, and cooling (MWh)

0

### Total non-fuel energy consumption (MWh) [Auto-calculated]

777

---

### Country/area

Canada

### Consumption of purchased electricity (MWh)

336

### Consumption of self-generated electricity (MWh)

0

### Consumption of purchased heat, steam, and cooling (MWh)

0

### Consumption of self-generated heat, steam, and cooling (MWh)

0

### Total non-fuel energy consumption (MWh) [Auto-calculated]

336

---



**Country/area**

China

**Consumption of purchased electricity (MWh)**

72,602

**Consumption of self-generated electricity (MWh)**

1,583

**Consumption of purchased heat, steam, and cooling (MWh)**

8,863

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

83,048

---

**Country/area**

Czechia

**Consumption of purchased electricity (MWh)**

6,789

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

6,789

---

**Country/area**

Finland

**Consumption of purchased electricity (MWh)**

1,446

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

668

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,114

---

**Country/area**

France

**Consumption of purchased electricity (MWh)**

20,991

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

507

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

21,498

---

**Country/area**

Germany

**Consumption of purchased electricity (MWh)**

2,519

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,519

---

**Country/area**

Hungary

**Consumption of purchased electricity (MWh)**

2,940

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,940

---

**Country/area**

India

**Consumption of purchased electricity (MWh)**

5,143

**Consumption of self-generated electricity (MWh)**

973

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

6,116

---

**Country/area**

Italy

**Consumption of purchased electricity (MWh)**

9,740

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

9,740

---

**Country/area**

Malaysia

**Consumption of purchased electricity (MWh)**

2,763

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,763

---

**Country/area**

Mexico

**Consumption of purchased electricity (MWh)**

89,351

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

89,351

---

**Country/area**

Norway

**Consumption of purchased electricity (MWh)**

1,082

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

413

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1,495

---

**Country/area**

Poland

**Consumption of purchased electricity (MWh)**

9,452

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

2,441

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

11,893

---

**Country/area**

Singapore

**Consumption of purchased electricity (MWh)**

2,957

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,957

---

**Country/area**

Spain

**Consumption of purchased electricity (MWh)**

4,143

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

4,143

---

**Country/area**

United Kingdom of Great Britain and Northern Ireland

**Consumption of purchased electricity (MWh)**

397

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

397

**Country/area**

United States of America

**Consumption of purchased electricity (MWh)**

206,334

**Consumption of self-generated electricity (MWh)**

460

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

206,794

**C-CG8.5**

**(C-CG8.5) Does your organization measure the efficiency of any of its products or services?**

	Measurement of product/service efficiency	Comment
Row 1	Yes	<p>The largest opportunity for GHG reductions is within the design and use of our products. While we are focused on driving emissions reductions, increasing energy efficiency and promoting sustainability, we are also exploring opportunities and enacting strategies across our product and service lifecycles, from the materials we use to end-of-life management.</p> <p>We have consistently invested in energy-efficient technologies and solutions to assist our customers in lowering energy demand and associated GHG emissions and measure the results from these investments. In 2022, we introduced a new HVAC rooftop lineup featuring our patented EcoBlue technology with 40% more energy efficiency powered by 75% fewer moving parts. Our Infinity offering for</p>

		<p>the North American residential market is 85% more efficient than the industry's minimum-efficiency SEER product. These and other innovative technologies are key to helping us reduce our customers' carbon footprint by more than 1 gigaton by 2030 — and we are on track to do so.</p> <p>In 2022, the installation of our high-efficiency and lower global warming potential refrigerant products and avoided food waste helped avoid approximately 212 million metric tons of greenhouse gas emissions.</p> <p>Our service businesses are also providing customers with opportunities to reduce their own emissions. EcoEnergy Insights, a leading provider of AI- and Internet of Things (IoT)-enabled solutions digitally transforming building and equipment operations, is supporting customers by using data insights to help drive optimal equipment performance. By yearend 2022, EcoEnergy Insights delivered nearly 5 billion kWh savings to customers.</p>
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## C-CG8.5a

**(C-CG8.5a) Provide details of the metrics used to measure the efficiency of your organization's products or services.**

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**Category of product or service**

Heating & cooling systems

**Product or service (optional)**

Residential air conditioner, heat pump, furnace and small package products

**% of revenue from this product or service in the reporting year**

47

**Efficiency figure in the reporting year**

26

**Metric numerator**

Btu

**Metric denominator**

watt-hour

**Comment**

47% of Carrier's residential air conditioner, heat pump, furnace and small package product revenue is generated from ENERGY STAR® qualified products. Our products reach efficiency ratings as high as 26 SEER for our Infinity® 26 Air Conditioner with Greenspeed® Intelligence.



To help accelerate decarbonization, Carrier offers a comprehensive collection of electric product offerings, including our award-winning heat pumps, ductless systems, VRF systems, and geothermal comfort systems. Our all-electric solutions can replace natural gas or propane in virtually any installation or climate. Low GWP refrigerants are part of the equation as well.

- **FORCED AIR HEAT PUMPS:** Our best heat pumps can provide warm, energy-efficient heating, even when it is below freezing outside. And depending upon the model, Carrier heat pumps offer ENERGY STAR certified efficiencies and several leading-edge comfort technologies.

- **DUCTLESS SPLIT SYSTEMS:** Our all-electric ductless split systems offer high-efficiency operation while reducing the energy loss associated with forced-air systems (up to 20% of heating/cooling energy can be lost as air travels through ductwork). Ductless systems also save electricity by providing heating or cooling to designated areas, not the entire home.

- **VRF COMFORT SYSTEMS:** VRF systems connect multiple indoor evaporator units with a single outdoor condensing unit. These all-electric, high-efficiency systems reduce energy waste associated with forced air systems.

- **GEOHERMAL COMFORT SYSTEMS:** As a renewable energy source, geothermal energy reduces a home's carbon footprint – geothermal heat pumps cut CO2 emissions by 25-65% (per the US Department of Energy).

- **DUAL-FUEL SYSTEMS:** We understand that for many homeowners, replacing a gas furnace with an all-electric solution can be a tough sell. The compromise is a dual-fuel system which can cost less than converting an existing home to all electric. Replacing an aging air conditioner with a heat pump can help the home reduce its carbon footprint by reducing its reliance on gas or propane heating. By pairing an electric heat pump with a gas furnace, the system will alternate between the two heat sources for maximum efficiency, depending on outside temperatures.

## C9. Additional metrics

### C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

---

#### Description

Energy usage

#### Metric value

182

**Metric numerator**

3,571,911 GJ

**Metric denominator (intensity metric only)**

19,643,000 USD

**% change from previous year**

21

**Direction of change**

Decreased

**Please explain**

We decreased energy consumption by 25% since 2021, a reduction of approximately 1.2 million gigajoules (GJ). The corresponding 21% decrease in energy intensity demonstrates progress in our ongoing energy efficiency efforts across our manufacturing sites.

**C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6**

**(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

	<b>Investment in low-carbon R&amp;D</b>	<b>Comment</b>
Row 1	Yes	<p>Carrier's 2030 ESG goals include investing over \$2 billion to develop healthy, safe, sustainable and intelligent building and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts.</p> <p>We develop frontier technologies, design with the product lifecycle in mind and continuously enhance our products to anticipate changes in environmental regulations. We also continue to invest in new capabilities and education to foster innovation across our company. We are advancing knowledge in controls, systems engineering and electrification, and reimagining our tools that help release software products faster, enhance customer satisfaction and optimize engineering costs. We offer a comprehensive suite of products, including sustainability as a service, that enables customers to achieve their energy and decarbonization goals. We are focused on driving emissions reductions, increasing energy efficiency and promoting sustainability across our product and service lifecycles.</p>

## C-CG9.6a

**(C-CG9.6a) Provide details of your organization's investments in low-carbon R&D for capital goods products and services over the last three years.**

---

### **Technology area**

Unable to disaggregate by technology area

### **Stage of development in the reporting year**

### **Average % of total R&D investment over the last 3 years**

50

### **R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)**

257

### **Average % of total R&D investment planned over the next 5 years**

50

### **Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan**

General consensus indicates that greenhouse gas emissions are linked to climate change, and that these emissions must be reduced dramatically to avert its worst effects. Increased public awareness and concern about climate change will likely continue to: (1) generate more international, regional and/or national requirements to curtail the use of high global warming potential refrigerants (e.g. the Kigali Amendment to the Montreal Protocol and the American Innovation and Manufacturing ("AIM") Act of 2020, impact many of our products); (2) increase building energy and cold chain efficiency; and (3) cause a shift away from the use of fossil fuels as an energy source, including natural gas prohibitions. In some instances, these changes may render our existing technology, particularly some of our HVAC and refrigeration products, non-compliant or obsolete and we may be required to make increased capital expenditures to meet new regulations and standards, changing interpretations and stricter enforcement of current laws and regulations.

Our strategy to address megatrends, including climate change, involves driving organic growth in part by maintaining our track record of innovation, which is focused on designing smarter, more connected and more sustainable systems and solutions. Our strategy also relies on strengthening our long-term relationships with channel partners and customers by offering solutions that anticipate customer needs with a focus on technologies related to environmentally sustainable refrigerants, energy efficiency, low emissions, air quality, electrification, noise reduction and safety.

Our strategy is also focused on digital capabilities to drive the evolution of our hardware

in order to enable cloud connectivity, modernize legacy software and launch new platforms, products and services. We expect that these solutions will increase our total available market opportunity, enhance our predictive service and maintenance capabilities and strengthen our customer intimacy as well as fuel our aftermarket growth. Abound is a cloud-based building platform that unlocks and unites building data to create more healthy, safe, sustainable and intelligent solutions for indoor spaces. Our Lynx digital platform, powered by Amazon Web Services and other collaborators, allows customers to leverage data to enhance visibility, resiliency, agility and efficiency in the cold chain to reduce loss and support real-time decisions.

## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

### C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, but we are actively considering verifying within the next two years

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, and we do not anticipate being regulated in the next three years

### C11.2

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**

Yes

## C11.2a

**(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.**

---

**Project type**

N2O

**Type of mitigation activity**

Emissions reduction

**Project description**

Phlogiston Phase I project was designed to destroy N2O emissions during the nylon manufacturing process so that GHG is not emitted into the atmosphere. Co-benefits of the project include reduced N2O pollution and GHG emissions into the atmosphere as well as overall improved air and water quality and ozone recovery.

**Credits canceled by your organization from this project in the reporting year (metric tons CO2e)**

60,000

**Purpose of cancellation**

Voluntary offsetting

**Are you able to report the vintage of the credits at cancellation?**

Yes

**Vintage of credits at cancellation**

2022

**Were these credits issued to or purchased by your organization?**

Purchased

**Credits issued by which carbon-crediting program**

CAR (The Climate Action Reserve)

**Method(s) the program uses to assess additionality for this project**

Consideration of legal requirements

**Approach(es) by which the selected program requires this project to address reversal risk**

No risk of reversal

**Potential sources of leakage the selected program requires this project to have assessed**

Activity-shifting

**Provide details of other issues the selected program requires projects to address**

Nitrous oxide (N<sub>2</sub>O) is a greenhouse gas (GHG) that contributes to global warming. It is 265 times more effective at trapping heat in the atmosphere than carbon dioxide (CO<sub>2</sub>) and is often overlooked. Ascend Performance Materials' plant in Cantonment, FL, voluntarily added a new absorption system that captures and destroys N<sub>2</sub>O emissions from their process. This is the largest voluntary N<sub>2</sub>O abatement project in North America and resulted in improving local air quality due to a significant reduction of emissions that otherwise would have been released into the atmosphere. This project is third-party verified and registered through the Climate Action Reserve (CAR) Registry.

**Comment**

The purchase of carbon offsets is in addition to energy efficiency measures and renewable energy purchases made in 2022 in pursuit of our 2030 operational carbon neutrality target.

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

## C12. Engagement

### C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers/clients

Yes, other partners in the value chain

### C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

---

**Type of engagement**

Information collection (understanding supplier behavior)

**Details of engagement**

Collect GHG emissions data at least annually from suppliers

Collect other climate related information at least annually from suppliers

**% of suppliers by number**

2

**% total procurement spend (direct and indirect)**

40

### **% of supplier-related Scope 3 emissions as reported in C6.5**

40

#### **Rationale for the coverage of your engagement**

For existing suppliers, Carrier uses EcoVadis, a third-party risk assessment platform and engagement tool, to assess top factory suppliers across key ESG topic areas, including labor practices, human rights, ethics, energy, climate and water. We continue to progress toward our goal to annually assess 80% of direct factory spend against ESG criteria. To incentivize performance, we require Carrier Preferred Suppliers to maintain a minimum score of 45 on the EcoVadis assessment. To help ensure supplier alignment to our ESG expectations and Supplier Code of Conduct, we:

- Provide ongoing internal ESG training to our commodity managers to drive program awareness and compliance.
- Hold annual global and regional supplier conferences to communicate our expectations regarding ethics, sustainability and more
- Host ESG-focused webinars with EcoVadis in local languages for suppliers
- Conduct risk mapping exercises to identify key suppliers and regions to prioritize in terms of sustainability engagement.

#### **Impact of engagement, including measures of success**

In 2022, we assessed 59% of Carrier's product spend against sustainability criteria through our supplier sustainability program.

#### **Comment**

To achieve our 2030 ESG goal to establish a responsible supply chain program and assess key factory suppliers against program criteria, we follow a four-pillar strategy:

- 1) Develop a clear understanding of sustainability performance across our supply chain.
- 2) Strengthen supplier engagement and sustainability performance.
- 3) Embed sustainability insights and criteria across our procurement procedures, processes and tools.
- 4) Lead with a world-class program for supply chain sustainability.

As part of the Carrier Quality Systems Audit, new suppliers are screened against sustainability related metrics to understand the environmental and health and safety management systems and processes they have in place to manage risk and track compliance. The screening questionnaire also focuses on recycling efforts and commodity management.

## **C12.1b**

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

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#### **Type of engagement & Details of engagement**

Collaboration & innovation  
Other, please specify  
Products and services

**% of customers by number**

83

**% of customer - related Scope 3 emissions as reported in C6.5**

100

**Please explain the rationale for selecting this group of customers and scope of engagement**

Excluding Carrier's Fire & Security portfolio, 83% of Carrier's 2022 revenue is associated with our HVAC and Refrigeration businesses and it is in these businesses that we actively engage with customers through our products and services to support them in attaining their climate change objectives. We meet our building and cold chain customers where they are within the product lifecycle and capital planning process with expertise and solutions to design, enable and deliver improved sustainability.

Buildings in the U.S. alone consume approximately 40% of all energy, and within buildings, HVAC systems account for approximately 40% of energy use. Carrier products and services can help building customers achieve their sustainability goals through:

- Building assessments and sustainability services through NORESKO and EMSI, which specialize in energy and environmental efficiency projects
- Portfolio energy monitoring and thermal mapping
- Products like high-efficiency chillers, heat pumps, and variable refrigerant flow technology that can significantly reduce the environmental impact of heating and cooling
- Digital solutions like Carrier's Abound digital offering that reduces energy consumption, lowers utility, operating and maintenance costs and improves indoor air quality, occupant comfort and productivity
- Sustainability-as-a-service that leverages Carrier's proprietary and award-winning CORTIX AI platform to deliver guaranteed and auditable energy savings and equivalent carbon reduction
- BluEdge connected, condition-based maintenance service

Carrier is creating a smarter and more connected cold chain and offers products and services that help customers optimize their refrigeration technology and achieve their sustainability goals:

- Transport fleet electrification and fuel savings solutions
- Design-to-build natural refrigerant mechanical systems
- Thermal storage and freight-lane mapping
- Natural refrigerant container and commercial systems that reduce food waste, save carbon emissions, and extend the world's food supply
- High-efficiency transport and commercial refrigeration products
- Low-GWP cold chain solutions
- Digital solutions like Carrier's Lynx digital platform that intelligently connects cold chain



systems enabling end-to-end visibility, improving sustainable operations  
- BluEdge connected, condition-based maintenance service

### **Impact of engagement, including measures of success**

Carrier's design, enable and deliver approach for buildings is providing AquaForce® high-temperature heat pumps operating on ultra-low global warming potential (GWP) refrigerant to the City of London for a project expected to reduce carbon emissions of customers by up to 50% and enhance air quality.

Recent solutions include the transcritical CO<sub>2</sub> ice making system of the National Speed Skating Oval, known as the "Ice Ribbon," in Beijing, China. It is the world's most environmentally responsible ice-making technology with direct carbon emissions close to zero. In post-Olympic operation it is expected to save nearly 2 million kWh of electricity each year.

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### **Type of engagement & Details of engagement**

Education/information sharing

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

### **% of customers by number**

83

### **% of customer - related Scope 3 emissions as reported in C6.5**

100

### **Please explain the rationale for selecting this group of customers and scope of engagement**

Excluding Carrier's Fire & Security portfolio, 83% of Carrier's 2022 revenue is associated with our HVAC and Refrigeration businesses and it is in these businesses that we actively engage with customers through our products and services to support them in attaining their climate change objectives.

### **Impact of engagement, including measures of success**

We offer product training for both our HVAC and Refrigeration customers. Carrier University offers HVAC training courses and training materials for architects, building owners, consulting/specifying engineers, contractors, technicians, developers, facility managers and HVAC instructors. With regards to optimizing building energy performance, we offer training for Energy Modeling for LEED® Energy and Atmosphere. Training covers building energy analysis and includes development of creative HVAC system alternatives. As a measure of success, students who complete this course have the ability to run simulation software for analyzing baseline versus proposed building models for LEED Energy and Atmosphere Credit, Optimize Energy Performance. In 2022, we hosted a series of sustainability webinars for our Refrigeration customers. We covered topics including all electric transport refrigeration technologies as well as both digital and service solutions to optimize performance throughout cold chain

operations. We tracked customer participation and engagement as a measure of success.

## C12.1d

### **(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

A greener planet demands innovative solutions. Carrier plays a vital role in helping address climate change with digitally enabled lifecycle solutions and services that meet the needs of our customers and drive sustainability. We optimize indoor spaces for occupant health and safety while improving energy efficiency. We strengthen and connect the cold chain to preserve, protect and extend the supply of food and medicine worldwide while accelerating the shift to electrification. Examples of our engagement include:

- We collaborate globally with government officials to promote the use of incentives to increase the transition to climate-friendly solutions. For example, in the United States, we worked closely with the executive branch and Congress to ensure that the Inflation Reduction Act supports increased heat pump adoption and the shift toward energy-efficient air-conditioning solutions

- With the promise of heat pumps, there are limitations – the colder the climate, the less efficient heat pumps become. To address this, the U.S. Department of Energy launched the **Cold Climate Heat Pump (CCHP) Challenge**, which requires equipment to perform at 5 degrees Fahrenheit and below, and supports electricity grid impacts during peak times to help prevent grid stress and rolling brownouts. Performance specifications were developed based on a review of current CCHP performance data and discussions with several manufacturers on technology opportunities and limitations. The DOE's Challenge is a proven model for industry and government working side-by-side. **Carrier** is proud to be one of six original equipment manufacturers participating in the Challenge and only one of two that have successfully met the requirements of Phase 1 in 2022.

## C12.2

### **(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

Yes, climate-related requirements are included in our supplier contracts

## C12.2a

### **(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.**

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#### **Climate-related requirement**

Complying with regulatory requirements

#### **Description of this climate related requirement**

Suppliers must comply with all applicable environmental, health and safety laws, regulations and directives; and also conduct operations in a manner that safeguards the environment, minimizes waste, emissions, energy consumption, and the use of materials of concern. Suppliers must also assure safe and healthy work environments for employees and business invitees.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

100

**% suppliers by procurement spend in compliance with this climate-related requirement**

**Mechanisms for monitoring compliance with this climate-related requirement**

Certification  
Supplier self-assessment  
On-site third-party verification  
Grievance mechanism/Whistleblowing hotline

**Response to supplier non-compliance with this climate-related requirement**

Suspend and engage

## C12.3

**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

**Row 1**

**External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**


Yes, we engage directly with policy makers  
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate  
Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact the climate

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

Yes

**Attach commitment or position statement(s)**

Please see our Climate Change Policy:  
[https://www.corporate.carrier.com/Images/CPSW-Section-12B-Climate-Change-0721\\_tcm558-135797.pdf](https://www.corporate.carrier.com/Images/CPSW-Section-12B-Climate-Change-0721_tcm558-135797.pdf)

 CPSW-Section-12B-Climate-Change.pdf

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**

Our Government Relations team, which has responsibility for policy engagement, uses our climate change policy as the guide for climate engagement. This team regularly meets with our Sustainability team and regularly participates in business meetings with Product and Engineering leaders to ensure alignment with our business.

Carrier's government relations initiatives are intended to educate and inform officials and the public on a broad range of public policy issues that are important to our business and consistent with the best interests of the company, our shareowners and our other stakeholders. The Governance Committee and Board review and monitor the company's government relations activities.

## C12.3a

**(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?**

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**

We engage globally with policy makers to address the refrigerant phasedowns aligned with the Montreal Protocol and the Kigali Amendment internationally and the AIM Act in the United States.

**Category of policy, law, or regulation that may impact the climate**

Climate change mitigation

**Focus area of policy, law, or regulation that may impact the climate**

Emissions – other GHGs

**Policy, law, or regulation geographic coverage**

Global

**Country/area/region the policy, law, or regulation applies to**

**Your organization's position on the policy, law, or regulation**

Support with no exceptions

**Description of engagement with policy makers**

We support the refrigerant phasedowns and engage to inform the timelines of new refrigerant adoption, considering what is technically feasible. In the CARB R4 rulemaking, we advocated for policy that would encourage a faster transition to low GWP refrigerants. The CARB R4 program requires manufacturers of AC and VRF systems to use a specified minimum amount of reclaimed R-410A refrigerant in new

equipment or in the servicing of existing equipment. We engaged with CARB staff and board members to promote counting the use of low GWP refrigerants in new products prior to the transition date for compliance the R4 requirements.

**Details of exceptions (if applicable) and your organization’s proposed alternative approach to the policy, law or regulation**

**Have you evaluated whether your organization’s engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

---

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**

We engage globally with policy makers on energy efficiency related codes and standards as well as on government funded consumer incentive programs such as rebates and tax credits.

**Category of policy, law, or regulation that may impact the climate**

Low-carbon products and services

**Focus area of policy, law, or regulation that may impact the climate**

Energy efficiency requirements

**Policy, law, or regulation geographic coverage**

Global

**Country/area/region the policy, law, or regulation applies to**

**Your organization’s position on the policy, law, or regulation**

Support with minor exceptions

**Description of engagement with policy makers**

We collaborate globally with government officials to promote the use of incentives to increase the transition to climate solutions. For example, in the United States, we worked closely with the executive branch and Congress to ensure that the Inflation Reduction Act supports increased heat pump adoption and the shift toward energy-efficient air-conditioning solutions.

Additionally, we were a voting member on the Department of Energy’s Appliance and Equipment Standards Program (ASRAC) working group, which negotiated a new test procedure and energy efficiency standard for commercial air conditioners and heat pumps. We have engaged through manufacturer interviews and written comments on several other rulemakings, including but not limited to, furnace efficiency, furnace fans, air cleaners, DOAS, and VRF.

**Details of exceptions (if applicable) and your organization’s proposed alternative approach to the policy, law or regulation**

Generally, our few exceptions, have been because a proposed efficiency increase would economically burden consumers, which in turn could have unintended consequences that lead to undesired results. In one case, the proposal was not technically feasible as the best available technology is already used to meet the existing efficiency standard.

**Have you evaluated whether your organization’s engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.3b

**(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.**

---

**Trade association**

Other, please specify

The Alliance for Responsible Atmospheric Policy (ARAP), American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) , AHRI, and European Partnership for Energy & Environment (EPEE)

**Is your organization’s position on climate change policy consistent with theirs?**

Consistent

**Has your organization attempted to influence their position in the reporting year?**

Yes, we publicly promoted their current position

**Describe how your organization’s position is consistent with or differs from the trade association’s position, and any actions taken to influence their position**

Our engagement with the trade associations listed above is aligned with our own position on the transition to lower GWP refrigerants. These associations aim at replacing high-global warming potential hydrofluorocarbons with low- or zero-global warming potential alternatives, combined with improvements in lifecycle energy efficiency. We also advocated for changes to the 2024 edition of the national model codes enabling the safe use of low-GWP refrigerants. At State and local jurisdiction level, we engaged –directly or through AHRI – to submit interim building code changes before adoption of the future edition of the model codes.

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.3c

**(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.**

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**Type of organization or individual**

Non-Governmental Organization (NGO) or charitable organization

**State the organization or individual to which you provided funding**

Nature Conservancy, World Green Building Council, US Green Building Council, Urban Green

**Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)**

1,000,000

**Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate**

Our funding to our NGO partners is not directed toward influencing climate policy; however, we recognize that these organizations engage with policymakers on various climate-related topics. Our funding to the World Green Building Council and U.S. Green Building Council consists of standard membership fees that support our engagement in green building dialogue in the US and internationally. We provide funding to Urban Green to support the green building educational events and training. Through our charitable giving, we provide funding to the Nature Conservancy to support climate resilience in the locations in which we operate. For example, we fund reforestation projects in Monterrey, Mexico.

**Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.4

**(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

### Publication

In voluntary communications

### Status

Complete

### Attach the document

 Corporate-Carrier-2023-ESG-Report-0723-English\_tcm558-203802.pdf

### Page/Section reference

Pages 55 -72

### Content elements

Governance  
 Strategy  
 Emissions figures  
 Emission targets

### Comment

Carrier annually discloses progress toward our climate change goals to hold ourselves accountable and inform stakeholders, including our customers and shareowners. We actively engage with industry associations and regulators who develop codes and standards that facilitate broader adoption of energy-efficient and lower GWP technologies.

## C12.5

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

	Environmental collaborative framework, initiative and/or commitment	Describe your organization’s role within each framework, initiative and/or commitment
Row 1	Race to Zero Campaign	Carrier is targeting net-zero GHG emissions across its value chain by 2050, complementing its existing goal of helping its customers avoid more than 1 gigaton of GHG emissions by 2030. The company's comprehensive sustainability strategy addresses scope 1, 2 and 3 emissions, covering enterprise-wide direct and indirect



		emissions. Near- and long-term goals addressing Carrier's scope 1, 2, and 3 emissions will be developed and published in accordance with the SBTi validation process.
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## C15. Biodiversity

### C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
Row 1	Yes, board-level oversight	We amended our Corporate Governance Principles and the charters of each of our committees to further refine the Carrier Board's oversight of ESG. The amendments elevated primary responsibility to the full Board for Carrier's ESG program, goals and objectives, including climate-related matters, and delegated certain elements to our committees to leverage their respective areas of expertise. This approach reflects our belief that sustainability and Carrier's growth strategy are inseparable and underscores our commitment to our stakeholders and the stewardship of our planet.

### C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity
Row 1	No, and we do not plan to do so within the next 2 years

### C15.3

**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?**

**Impacts on biodiversity**

**Indicate whether your organization undertakes this type of assessment**

No and we don't plan to within the next two years

## Dependencies on biodiversity

**Indicate whether your organization undertakes this type of assessment**

No and we don't plan to within the next two years

### C15.4

**(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?**

Not assessed

### C15.5

**(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?
Row 1	No, and we do not plan to undertake any biodiversity-related actions

### C15.6

**(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?**

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	

### C15.7

**(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications		

## C16. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

This response contains forward-looking statements (including statements that constitute forward-looking statements under the securities laws). These forward-looking statements are intended to provide management's current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates and other measures of financial performance or potential future plans, strategies or transactions of Carrier, statements with respect to current and future potential implications of corporate social responsibility and sustainability topics, Carrier's ESG initiatives (including its climate-related matters and goals) and other statements that are not historical facts. Many of these forward-looking statements are based upon certain assumptions, estimates, developing standards and assessments made by our management in light of their experience and perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. Furthermore, all forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. These risks include macroeconomic factors and megatrends, limitations and uncertainties inherent in climate and sustainability science (for example, estimation limitations in metrics related to Carrier's estimated emissions, including Scope 3 emissions, and other risks and uncertainties discussed in Item 1A of Carrier's Annual Report on Form 10-K for the fiscal year ended December 31, 2022). For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements speak only as of the date of this response. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the Securities and Exchange Commission (SEC). Inclusion of information in this response is not an indication that the subject or information is material to our business or operating results. "Material" for the purposes of this response should not be read as equating to any use of the word in our other reporting or filings with the U.S. Securities and Exchange Commission (SEC). Case studies presented within the response are for illustrative purposes only and have been selected in order to provide examples illustrating Carrier's application of its ESG policies and procedures and do not purport to be a complete list thereto.

*Proposed Climate-Related Disclosure Rules* on March 21, 2022, the SEC proposed climate-related disclosure requirements that would, among other things, require disclosure of direct and indirect greenhouse gas emissions, with certain emissions disclosures subject to third-party

attestation requirements; climate-related scenario analysis (if the issuer conducts scenario analysis), together with qualitative and quantitative information about the hypothetical future climate scenarios used in its analysis; climate transition plans or climate-related targets or goals, along with disclosure of progress against any such plans, targets or goals; climate-related risks over the short, medium and long term; qualitative and quantitative information regarding climate-related risks and historical impacts in audited financial statements; corporate governance of climate-related risks; and climate-related risk-management processes. We are assessing the potential impacts of this proposal. The information presented in this response has not been collected or reported pursuant to these SEC-proposed climate-related disclosure requirements.

## C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Senior Vice President & Chief Legal Officer	Other C-Suite Officer