



2021

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



COMMITTED TO WHAT MATTERS. INSPIRING CONFIDENCE.

At Carrier, we're committed to what matters – addressing the planet's most complex challenges and inspiring confidence for people everywhere. It's why we create solutions that help ensure healthy, safe, sustainable and intelligent indoor environments, and enable the safe transport and storage of food, medicine and vaccines. We are building on decades of leadership in sustainability to set ever-higher standards and fostering a workplace culture that emphasizes inclusion so each and every Carrier employee feels like they *belong*.

Now with our 2030 environmental, social and governance goals, we continue to push ourselves to think bigger and be better. We've set ambitious goals and put meaningful metrics behind them. By innovating, empowering our people and operating with integrity, we can continue to do good for our planet, our people and our communities. Together, we're solving the challenges of today, creating a more sustainable tomorrow and inspiring confidence around the world.



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ABOUT THIS REPORT

Carrier's 2021 Environmental, Social & Governance (ESG) Report covers performance for calendar year 2020. The information and data included in this report are based on the best available information and data at publication and are subject to change. In some cases, information and data are estimated.



David Gitlin, Chairman
& Chief Executive Officer

“ESG is fundamental to our culture and business, and is at the forefront of everything we do.”

At Carrier, our vision is to create solutions that make a positive impact on people and our planet. While the COVID-19 pandemic presents unprecedented challenges, it also underscores the importance of the work we do as the world leader in healthy, safe, sustainable and intelligent building and cold chain solutions.

Our company is well positioned to address three of the world's most critical challenges: climate change, the need for healthy indoor environments, and the safe distribution of food and vaccines. As we address the challenges of today, we are committed to keeping our eyes on tomorrow – and leading the way for future generations. The reality is that without concerted action to address profound societal issues such as climate change, the negative consequences to our planet and our future will be irreversible. But I'm encouraged and excited by significant and meaningful action from governments, corporations and nongovernmental

organizations alike to tackle these issues with new thinking and new technology – and at Carrier, we are in a unique position to do our part to make a positive impact.

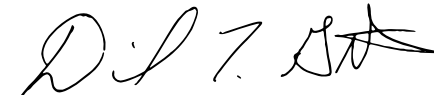
Today, HVAC contributes an estimated 15% of the world's greenhouse gas emissions. Food waste is also a major contributor. If food waste were a country, it would be the third-largest emitter of greenhouse gases. In fact, more than one-third of all food produced is wasted every year, resulting in an estimated 4.4 gigatons of greenhouse gas emissions. As the global leader in these spaces, we are seizing the opportunity – and the responsibility – to drive change through smart, sustainable and efficient solutions.

In 2020, we met or exceeded our prior targets to reduce greenhouse gas emissions, water consumption and hazardous waste generation and to increase recycling. And, just months after becoming a stand-alone company, we announced our 2030 environmental, social and governance goals. Building on three decades of achieving environmental targets, we've set new goals around the areas of people, planet and our communities, and have put meaningful metrics behind them.

We recognize our goals are ambitious, but challenging ourselves to think bigger and be better is what we do every day. We are investing in our factories and operations, optimizing existing methods and innovating new digitally enabled solutions to drive down our energy consumption while helping our customers – from large enterprises to individual homeowners – reduce their carbon footprints. I'm confident that these actions and our collective commitment will allow us to deliver on these bold new goals.

In addition to the challenge of climate change, we have also reached a critical juncture for change across our society. The long-standing need for meaningful action to address social injustice and racial equity has reached a tipping point. Diversity and inclusion have always been integral at Carrier, but we understand that we can and must do more to create an environment where everyone feels like they *belong*, which is our diversity and inclusion brand. We are driving change through our diversity and inclusion strategy with key actions, metrics, accountability, and a culture that respects and includes all employees. I am proud of the progress we are making.

ESG is fundamental to our culture and business, and is at the forefront of everything we do.



David Gitlin

Chairman & Chief Executive Officer, Carrier



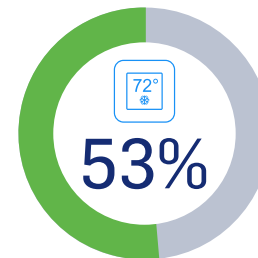
OUR BUSINESS

About Carrier

Carrier is the leading global provider of healthy, safe, sustainable and intelligent building and cold chain solutions with a world-class, diverse workforce. Through our performance-driven culture, we are driving shareowner value by growing sales and investing strategically to strengthen our position in the markets we serve.

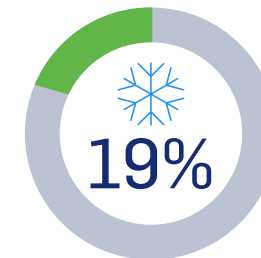


2020 Net Sales Breakdown



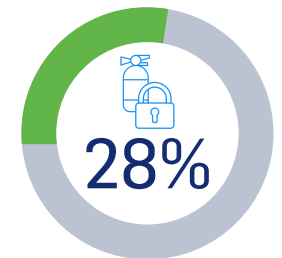
HVAC
COMMERCIAL &
RESIDENTIAL

\$9.5B
Net sales



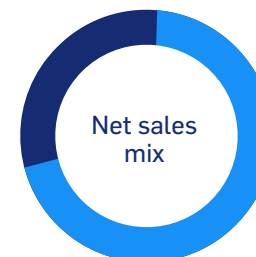
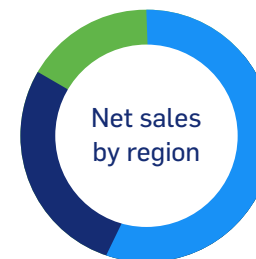
REFRIGERATION
TRANSPORT &
COMMERCIAL

\$3.3B
Net sales



FIRE & SECURITY
PRODUCTS &
FIELD

\$5.0B
Net sales



Our Business Segments



HVAC

Carrier's HVAC segment provides solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Through an industry-leading family of brands, we offer an innovative and complete portfolio of products, including building automation and services that help optimize indoor environments to enhance human health, safety and productivity.



The OptiClean Dual-Mode Air Scrubber & Negative Air Machine was named as one of **TIME's 100 Best Inventions of 2020**.



Refrigeration

Carrier's Refrigeration segment provides a healthier, safer, more sustainable and more intelligent cold chain through the reliable transport and preservation of food, medicine and other perishable cargo. Our refrigeration and monitoring products, services and digital solutions strengthen the connected cold chain and are designed for trucks, trailers, shipping containers, intermodal applications, food retail and warehouse cooling.



Carrier Transicold's EverFRESH active controlled-atmosphere system added a carbon dioxide injection option to help refrigerated containers **better preserve low-respiring, high-value perishable cargo**.



Fire & Security

Carrier's Fire & Security segment provides a wide range of residential, commercial and industrial technologies designed to help save lives and protect property. Our globally recognized brands provide product and technology innovations that are supported by installation, maintenance and monitoring through a network of channel partners and our own field service business, along with web-based and mobile applications, and cloud-based services.



Autronica launched AutoGuard, a multipurpose commercial detector with a sound and light alarm. The **new chamber design enables quicker and more reliable smoke detection**.

OUR RESPONSE TO THE COVID-19 PANDEMIC

Protecting Our People

At the onset of the pandemic, we took prudent measures to protect the health and safety of our employees. We implemented work-from-home requirements (where practical), social distancing measures and deep-cleaning protocols at our facilities and imposed travel restrictions, among other measures.

Serving Our Customers

The products and services we provide to our customers are more critical than ever before.

For example, to address the unique challenges of vaccine distribution, we launched new Carrier Pods monitored by Sensitech, which combine leading refrigeration technology and cargo monitoring capabilities. Carrier Pods provide pharmaceutical companies, distribution centers, retailers and vaccine administrators with increased cold storage capacity, the flexibility to move vaccine storage to other locations and added cargo visibility to help ensure the shelf life and efficacy of vaccines requiring precise refrigerated conditions.

In addition, at the onset of the pandemic, Carrier invented the OptiClean negative air machine, which helps hospitals protect caregivers and patients. In air scrubber mode, it can also improve the indoor air quality of classrooms, restaurants, dental offices, commercial buildings and more, by pulling in air, scrubbing it using a HEPA filter and then exhausting cleaner air back into the room, reducing contaminants in the air and offering further protection as part of an overall mitigation strategy.

Supporting Our Communities

We continue to work closely with our nonprofit community partners to understand their immediate needs and how we can help. Our employees have generously contributed funds to deserving nonprofits through the Carrier Employee Matching Gifts Program. Across the United States, India, Europe and China, we have provided personal protective equipment (PPE) for healthcare workers, hospitals and service technicians. As millions of people struggle with food insecurity, we have supported Feeding America and its increased need for refrigerated transport and storage units for its network of food banks. As homes became classrooms, we collaborated with The Nature Conservancy to help students discover the natural world using virtual field trips through Nature Lab, an online curriculum program for teachers and families.



Carrier employees distributed PPE kits, including masks, gloves and liquid hand soap, to community residents in India.

2020 HIGHLIGHTS

Throughout our global operations, we are minimizing our environmental footprint and making investments that improve society. We are proud of our progress and we are making a sustainable impact through our efforts.



ENVIRONMENTAL



~68M

metric tons of GREENHOUSE GAS EMISSIONS AVOIDED from products sold and avoided food waste in 2020



17%

REDUCTION IN GREENHOUSE GAS EMISSIONS since 2015



44%

REDUCTION IN WATER CONSUMPTION since 2015



23%

REDUCTION IN HAZARDOUS WASTE GENERATION since 2015



94%

Nonhazardous WASTE RECYCLED in 2020

SOCIAL



31%

WOMEN EXECUTIVES globally in 2020



25%

U.S. PEOPLE OF COLOR EXECUTIVES in 2020



185+

civic, cultural, economic and social welfare ORGANIZATIONS SUPPORTED in 2020



\$7M+

INVESTED IN OUR COMMUNITIES through cash, in-kind donations and the Carrier Employee Matching Gifts Program in 2020

GOVERNANCE



75%

INDEPENDENT DIRECTORS*



ENGAGED BOARD OF DIRECTORS:

100%

overall attendance at board meetings, and at committee meetings by committee members, in 2020



ENHANCED BYLAWS, including governance continuity provisions in the event of pandemic, war or other force majeure event

* With the appointment of our seventh independent director on June 9, 2021, 78% of Carrier's Board of Directors is comprised of independent directors.

APPROACH

As the leading global provider of healthy, safe, sustainable and intelligent building and cold chain solutions, Carrier is committed to making the world safer, sustainable and more comfortable for generations to come.



APPROACH

MATERIALITY ASSESSMENT

In 2020, Carrier completed our first materiality assessment to inform our ESG management and reporting. We used the GRI steps of identification, prioritization and validation to define the ESG topics most significant to Carrier and our stakeholders based on impacts, risks and opportunities. We identified relevant ESG topics through internal and external stakeholder interviews and research.

The Carrier ESG Steering Committee validated the results, which were endorsed by the Carrier Executive Leadership Team and Carrier's Board of Directors through its Governance Committee.

Carrier Reporting Topics:

- Climate change
- Community engagement and investment
- Corporate governance
- Cybersecurity and data privacy
- Diversity and inclusion
- Environmental responsibility
- Ethics and compliance
- Human and labor rights
- Innovation and efficiency
- Occupational health and safety
- Product safety and quality
- Stakeholder engagement
- Talent attraction and retention
- Tax transparency

OUR STAKEHOLDERS

As reflected in amendments to our [Corporate Governance Principles](#) in 2021, our Board of Directors affirmed that the long-term interests of Carrier and its shareowners are also advanced by responsibly addressing the concerns of other stakeholders, including Carrier's employees, customers, suppliers and communities.

How We Engage

Employees

We encourage feedback from our employees through regular employee surveys, town hall meetings, development conversations and online employee portals and through confidential channels where employees can raise sensitive issues, seek guidance and report misconduct.

Customers

We seek customer input through continuous dialogue, product and service training programs, dealer and distributor councils and a variety of customer surveys. We aim to use that information to improve our products, services and operations.

Investors

We believe in transparent and open communications with investors. We regularly engage with our shareowners on our financial performance, governance, strategy, and ESG performance and practices.

Suppliers

We actively collaborate with our network of suppliers. We are members of several industry organizations, attend national and local conferences and encourage suppliers to participate in our Supplier Excellence program to improve their operating performance and growth. Our expectations are aligned through our [Supplier Code of Conduct](#).

Government

Our government relations initiatives educate and inform officials on a range of public policy issues important to our businesses. We annually disclose federal and state lobbying activities and expenditures.

Communities

We support more than 185 civic, cultural, economic and social welfare organizations around the world, investing in communities through cash and in-kind donations, including the Carrier Employee Matching Gifts Program.

2020 GOALS RESULTS

We have completed our 2020 sustainability goals, which were established by our prior parent company, United Technologies. They had a baseline year of 2015 and concluded at the end of 2020. These goals measured progress in absolute terms, and were not adjusted for organic increases or decreases in production. Additional details on these efforts can be found in the [Operations](#) section of this report.

| Goal | 2015 Baseline* | 2020 Result |
|---|----------------|---|
|  Reduce Greenhouse Gas (GHG) Emissions by 15% (MTCO₂e) | 470,166 | 391,750 at year-end** 17% Reduction: Goal Exceeded |
|  Reduce Water Consumption by 25% (gallons) | 457,236,874 | 254,830,489 at year-end 44% Reduction: Goal Exceeded |
|  Implement 100% Water Best Management Practices | N/A | As we focus on continuous improvement, our water best management practices will be updated to further reduce our water consumption in line with our 2030 water neutrality targets. |
|  Reduce Hazardous Waste Generation by 10% (MT) | 2,604 | 1,989 at year-end 23% Reduction: Goal Exceeded |
|  Increase Waste Recycling Rate to 90% | 93% | 94% at year-end Goal Exceeded |
|  Eliminate Use of Chlorinated and Brominated Solvents (MT) | 3 | Goal Achieved This goal targets the elimination of air emissions from the use of eight chlorinated or brominated solvent chemicals if used above 100 pounds per year. |
|  Reduce Ergonomic Risk by 50% | N/A | Our COVID-19 safety measures limited the number of employees in our facilities, affecting the calculation and comparability of this topic across reporting years. These efforts will continue to be part of our 2030 ESG goal to maintain world-class safety metrics. |
|  Reduce Workers' Exposure to Hazardous Substances | N/A | As we continue on our journey to ensure healthy and safe operations, we are updating our banned chemicals list to build on the progress made toward our 2020 goal. |

* Carrier baseline is adjusted in the event of a reorganization, acquisitions or divestitures.

** The reported 2020 GHG emissions and emissions reduction rate have been updated to include Australian fleet operations.

2030 ENVIRONMENTAL, SOCIAL & GOVERNANCE GOALS

Our 2030 ESG goals underscore our commitment to the things that matter and to continuously challenge ourselves to think bigger and to be better. Expanding on three decades of environmental targets, our goals now include our people and communities. We strive to be a positive catalyst for sustainable societal change as we innovate, empower our people and operate with integrity. That is *The Carrier Way*.

Our Planet

Climate change is among the most significant issues facing humanity. HVAC contributes an estimated 15% of the world's greenhouse gas emissions. More than one-third of all food produced is wasted every year, resulting in an estimated 4.4 gigatons of GHG emissions. **We recognize the potential for smart, sustainable innovation, and are committed to setting science-based emissions targets aligned with the goals of the Paris Agreement.**

- Reduce our customers' **carbon footprint** by **more than 1 gigaton**.
- Invest over **\$2 billion** to develop **healthy, safe, sustainable and intelligent building and cold chain solutions** that incorporate **sustainable design principles and reduce lifecycle impacts**.
- Achieve **carbon neutral** operations.
- Reduce **energy intensity** by 10% across our operations.
- Achieve **water neutrality** in our operations, prioritizing water-scarce locations.
- Deliver **zero waste** to landfill from manufacturing locations.
- Establish a **responsible supply chain program** and assess key factory suppliers against program criteria.

Our People

Our greatest strength is the diversity of our employees and their ideas. We are a company of innovators and problem-solvers who are united by *The Carrier Way* – our purpose, values and culture.

- Exceed benchmark **employee engagement**.
- Achieve **gender parity** in senior leadership roles.
- Achieve a **diverse workforce** that represents the communities in which we live and work.
- Foster the growth of **Employee Resource Groups** to drive social impact.
- Maintain world-class **safety metrics**.

Our Communities

Decades of leadership in sustainability have guided Carrier to the forefront of healthy buildings, healthy homes and a more connected cold chain. Throughout our global operations, we are reducing our environmental footprint and making investments that have a positive impact on society.

- Positively impact communities by enabling access to **safe and healthy indoor environments, alleviating hunger and food waste, and volunteering our time and talent**.
- Invest in **science, technology, engineering and math education** programs that promote **diversity and inclusion**.
- Promote **sustainability** through education, partnerships and climate resiliency programs.

GOVERNANCE

Our corporate governance provides the framework for building a culture of integrity and ethical behavior everywhere we do business. Our Board of Directors, Executive Leadership Team and corporate policies guide our actions and govern the relationships among employees and with our customers and communities.



GOVERNANCE

GOVERNANCE FRAMEWORK

Leadership

Carrier's [Board of Directors](#) oversees the strategic direction of the company to advance the long-term interests of the company and its various stakeholders. Our Board of Directors includes our Chairman & Chief Executive Officer and seven independent directors. In 2021, we appointed our ninth board member, reaffirming the board's commitment to diversity and further enhancing its competencies in digital and technology solutions.

Our [Executive Leadership Team](#) executes Carrier's strategic and operating plans and comprises the primary organizational functions and leaders of our reporting segments: HVAC, Refrigeration and Fire & Security.

| | 2021 |
|---------------------------------------|------|
| Board of Director Diversity* | 33% |
| Board of Director Independence | 78% |

Board membership criteria include diversity with respect to a broad range of personal characteristics.

Policies and Code of Ethics

Carrier strives to maintain sound governance standards as reflected in our [Corporate Governance Principles](#), [Code of Ethics](#), [Corporate Policy Manual](#), our strong internal controls and commitment to transparent financial reporting, and our systematic approach to risk management.

Our [Code of Ethics](#) focuses on the core values that serve as the foundation of our culture: respect, integrity, inclusion, innovation and excellence. It builds on the effort we have made across the enterprise to better understand our culture and the values that guide how we operate and achieve our goals the right way. Employees are required to annually review and sign their acknowledgment and adherence to our Code of Ethics.

Our policies reflect and reinforce our principles and values, and align our efforts worldwide.

Enterprise Risk Management

Our Board of Directors and Carrier's Chairman & Chief Executive Officer are ultimately responsible for enterprise risk management (ERM). Oversight and implementation of Carrier's ERM program is vested in the Audit Committee of the board and Carrier's Vice President, Secretary & Deputy Legal Officer, who reports to Carrier's Chief Legal Officer. On an annual basis, through our ERM program, the Executive Leadership Team and the board identify, assess and develop mitigation strategies for Carrier's enterprise-level risks. The board and its committees also discuss enterprise risks with senior management on a regular basis, including thorough reviews of business and compliance risks. Each committee has primary risk oversight responsibility in the areas that align with its focus. At each regular meeting, or more frequently as needed, the board receives and considers committee reports that may provide additional detail on risk management issues and management's response.

* Global women or U.S. People of Color.

Sustainability Governance

Our sustainability governance is integrated throughout the organization and embedded into our culture. The Governance Committee of our Board of Directors reviews and oversees Carrier's positions on significant public policy and ESG issues, including our government relations initiatives and the Carrier Political Action Committee (Carrier PAC); environment, health and safety; product integrity; and diversity and inclusion. The ESG Steering Committee is a formal team of cross-functional leaders responsible for driving ESG performance, including our sustainability and climate change commitments. The Steering Committee regularly engages with the Executive Leadership Team as well as the Board of Directors to report progress. The Steering Committee includes functional representation from finance; human resources; environment, health and safety; supply chain; product quality; product safety; engineering; government relations; investor relations; communications and corporate social responsibility.

ETHICS & COMPLIANCE

Carrier is committed to the highest standards of compliance – in all places, at all times. The Board of Directors and Carrier's Chairman & Chief Executive Officer are ultimately responsible for Carrier's Ethics & Compliance program. Functional oversight and implementation of Carrier's Ethics & Compliance program is vested in Carrier's Vice President & Associate General Counsel, Ethics & Compliance, who reports to Carrier's Chief Legal Officer; has an independent, dotted-line reporting relationship to the Audit Committee of the Board of Directors; and also acts as chair of Carrier's Compliance Coordinating Committee. Furthermore, each business segment has its own compliance resources, and Carrier's Global Ethics & Compliance organization exercises functional oversight of these resources, including through Carrier's Ethics & Compliance Leadership Group. Together, these entities develop and deploy ethics and compliance requirements, measure and monitor performance metrics, and ensure awareness and adherence through training, communication and initiatives.

Anti-Corruption and Fair Competition

We strive every day to earn the respect of our customers and shareowners based on the quality of our products and services as well as how we do business.

Our [commitment to anti-corruption](#) includes:

- **Employee Training:** Every Carrier employee receives annual ethics and compliance training reflective of the results of regular compliance risk assessments. Most employees, including new employees, have access to our online training program, where they complete foundational ethics and compliance certifications and training courses. Employees receive periodic anti-corruption refresher training if they hold a position that presents a higher level of corruption risk.
- **Detailed Reporting and Investigations:** In managing risk, Carrier is conservative and data-driven. Across the enterprise, our case matter management system records, monitors and manages allegations of suspected violations of law, regulation or Carrier policy. Periodic employee surveys also assess the effectiveness of our ethics and compliance programs. Upon receipt of any inquiries, measures are taken to preserve all potentially relevant documents.
- **Preventing Corrupt Payments:** We conduct all business solely on merit. We will not bribe anyone to obtain or retain business or secure any other advantage, nor allow anyone to do so for our benefit, in any market – public or private – anywhere. Employees cannot seek or accept payments or gifts from anyone doing or seeking to do business with Carrier.
- **Maintaining Accurate Books and Records:** A fundamental requirement of our operating system is the maintenance of fully accurate and transparent books and records. All assets, liabilities and transactions must be promptly and accurately reflected, and no employee must ever make a deliberately false or misleading entry in our books and records. We maintain a robust audit program to ensure all our businesses are upholding these non-negotiable requirements.

- **Engaging Third-Party Intermediaries:** Third-party intermediaries are selected after a robust due diligence process confirming their good business practices. Once on board, they are trained and monitored. Intermediaries engaged in advocacy and sales on our behalf have limited-term contracts that cannot be renewed without a refreshed assessment.

Conflicts of Interest

Directors, officers and employees must act in the best interests of Carrier, and avoid using their position or influence to engage in activities that could either create a perception of conflict of interest or a direct conflict with the interests of Carrier. Decisions and actions must not be influenced by outside factors such as personal investments, non-Carrier activities (including employment), duties owed to others or personal relationships. A survey to identify actual or potential conflicts is conducted annually to ensure that directors, officers and employees are aware of and certify compliance with our [Conflicts of Interest Policy](#).

Labor and Human Rights

Carrier is committed to good citizenship and promoting better working conditions for all. We take robust and thorough measures to protect our employees. We can also promote positive change by encouraging our business partners and communities to respect human rights as well.

In compliance with our [Human Rights Policy](#), we ensure safe, healthy and sustainable working conditions; require a respectful, harassment-free workplace; prohibit discrimination; deliver employee compensation and benefits to attract and retain strong talent; recognize freedom of association and collective bargaining under applicable laws; prohibit child or forced labor and ensure our business partners share this commitment; and promote responsible sourcing practices for our suppliers.

Political Involvement

We believe that participating in the legislative and regulatory process is an important part of responsible corporate citizenship, and Carrier and our employees have a legitimate interest in public policy debates. Our board reviews and monitors Carrier's government relations activities, including those of the Carrier PAC. These activities are governed by and conducted in accordance with the standards articulated in our Code of Ethics and corporate policy on government relations.

Our 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 and our shareowners. These initiatives are not based on the personal agendas of individual shareowners or Carrier's directors, officers or employees.

Carrier does not make direct political contributions to candidates for U.S. federal office and does not contribute to candidates for state or local office in the U.S. or for offices in foreign countries. The Carrier PAC, which is entirely funded by voluntary contributions, is nonpartisan and will contribute to candidates for federal office supportive of Carrier's corporate business interests and public policy goals, regardless of political party.

Respecting Data Privacy

Carrier respects the privacy of the people from whom it collects and processes personal information. We have a comprehensive data privacy compliance program that aims to implement appropriate controls on what personal information we collect and process and how we safeguard it.

Our approach involves:

- Following applicable data privacy laws.
- Completing privacy impact assessments for new and modified tools, service providers, and products and services that involve collection or processing of personal information.
- Performing an annual self-assessment of our privacy compliance program.
- Using appropriate security safeguards.
- Adopting detailed policies and Binding Corporate Rules, which are rules for data privacy compliance approved by European regulators.

Carrier's [Data Privacy Notice](#) and [Data Privacy Policy](#) are available on our website.

Strengthening Cybersecurity

Protecting our company, employees and customers begins with our Cybersecurity team, a part of our Digital Technology organization, which advances a cyberdefense strategy seeking to detect, mitigate and respond to cyberthreats. In 2020, Cybersecurity assembled a new team and built a forward-looking program to support Carrier as a stand-alone company. This program was executed effectively with a fully remote workforce during the worldwide pandemic.

We engage industry experts to continually improve cyber capabilities and processes. We conduct regular assessments to validate defensive measures, employing a comprehensive risk management framework to enable effective escalation and management.

To ensure the security posture of Carrier products, we employ domain experts to design for security and continuous improvement. We proactively apply the appropriate methods and controls throughout the development and product support lifecycle. Rigorous testing and analysis in production follow international standards of cybersecurity assurance and Carrier's requirements for customer mission success.

The Audit Committee of Carrier's Board of Directors reviews Carrier's privacy and cybersecurity compliance programs regularly.

Speaking Up and Reporting

Operating within the framework of our Code of Ethics, Carrier promotes those behaviors that build respect and integrity. When employees, contractors or partners observe or suspect something that contradicts Carrier's Code of Ethics, we encourage them to speak up and report it.

We are committed to a safe reporting environment that is free of discrimination, fear, bullying or other negative consequences. Carrier has zero tolerance for retaliation. Anyone engaging in retaliatory behavior or activities that inhibit good-faith reporting will be subject to disciplinary action, up to termination.

Carrier offers multiple communication channels for reporting actual or suspected violations of our Code of Ethics. Employees are encouraged to ask questions or raise concerns directly with their supervisor, a human resources manager, an Ethics & Compliance Officer or with the legal department. Employees, contractors and partners who observe or suspect something that contradicts Carrier's Code of Ethics may also use [Carrier's Integrity Line](#) to anonymously report such concerns.

SOLUTIONS

Our vision is to create solutions that matter for people and our planet. We prioritize solutions that address the challenges presented by the megatrends of urbanization, climate change and the food needs of our growing global population.

SOLUTIONS

2030 ESG GOALS



Reduce our customers' **carbon footprint** by **more than 1 gigaton**.



Invest over **\$2 billion** to develop **healthy, safe, sustainable and intelligent building and cold chain solutions** that incorporate **sustainable design principles and reduce lifecycle impacts**.

[All 2030 ESG Goals](#) ▶

INNOVATION, RESEARCH & DEVELOPMENT

We have a strong history of innovation across our HVAC, Refrigeration and Fire & Security segments. We are committed to accelerating the development of smart, sustainable and efficient solutions that address our planet's most complex challenges. As we improve our products to anticipate environmental-related regulatory changes, we maintain our focus on developing frontier technologies that can transform healthy, safe, sustainable and intelligent buildings and the cold chain.

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 make continuous improvements to our tools and develop advanced methods to improve quality and reduce time to market. We are investing in new capabilities in systems engineering, sensing and power electronics management as we innovate electric solutions to reduce our carbon footprint.

Our engineering team is focused on key strategic themes aligned with Carrier's growth strategy – sustainability, service and digital solutions – all in support of addressing global megatrends, expanding our current markets and growing in adjacent ones. We collaborate with local, regional and global innovation ecosystems, and participate in early-stage innovation with startups, universities, innovation hubs and thought leaders.



We have

~8,000

active patents and pending patent applications worldwide,



and in the last two years have invested over

\$800M

in research and development.



In 2020, for the sixth year in a row, we released

100+

new products.

Digital

Central to Carrier's growth strategy, digital solutions are empowering our employees, enhancing our experiences and enabling top-line growth opportunities. We are committed to leveraging digital innovation for the benefit of our customers, our channels and our colleagues.

We are implementing innovative digital capabilities across our business segments to help drive internal productivity and support operating efficiency. In 2020, we implemented an integrated digital operating model to simplify operations, enable agility, increase speed to market and improve quality through new capabilities and tools.

Amazon Web Services Inc. (AWS) is our preferred cloud provider, and product teams are deriving insights from data and unlocking customer value by leveraging AWS services for connectivity, artificial intelligence (AI) and machine learning. AWS also has become a collaborator for digital innovation. Together, Carrier and AWS are developing new market offerings like Lynx, Carrier's proprietary intelligent ecosystem that helps optimize the safe and sustainable transport of perishable goods and medicine across the cold chain.

We are also developing connected devices that improve user experiences and smooth service delivery. Our new proprietary platform Carrier IO enables connectivity throughout the enterprise. Carrier IO provides turnkey services to connect equipment and accelerate product development across our portfolio.

2020 Product Spotlights



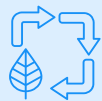
In the transport refrigeration business, **Carrier Transicold's new solar charging system for transport refrigeration units (TRU)** delivers 2.0-amp power delivery by combining ultrapure silicon cells with a high-performance charge controller. It has a significantly smaller footprint than prior solar panels and up to 18% greater power delivery for faster, more complete charging of a 12-volt TRU battery, helping ensure uninterrupted performance.



Carrier Transicold also launched **the first fully autonomous, all-electric engineless refrigerated trailer system, the Vector eCool**. The Vector eCool combines Carrier's E-Drive all-electric technology with a new cutting-edge energy recovery and storage system. This converts kinetic energy generated by the trailer into electricity, which is then stored in a battery pack to power the refrigeration unit. This loop creates a fully autonomous system that produces no direct carbon dioxide (CO₂) or particulate emissions.



Our **Residential HVAC business** launched two new flagship products in 2020 – **the Carrier Infinity 26 air conditioner and the Carrier Infinity 24 heat pump**, which offers both heating and cooling capabilities. Both products feature Greenspeed Intelligence to maintain consistent temperature and humidity. The Infinity 26 air conditioner is up to 85% more efficient than industry-standard models, and the Infinity 24 heat pump is up to 71% more efficient than industry-standard models.



Carrier AquaSnap scroll chillers and heat pumps are now available in Europe using R-32, a refrigerant with a low global warming potential (GWP) that improves performance and reduces direct greenhouse gas emissions (GHG) by up to 77%, compared with the previous range. This innovative air-cooled chiller meets the European regulatory requirements for both the phasedown of fluorinated hydrofluorocarbon refrigerants and Ecodesign for 2021. The chiller also uses an advanced control platform, which allows for remote connectivity and diagnostics.



In our commercial business, **LenelS2's industry-leading BlueDiamond mobile credentialing technology** eliminates several traditional access touch points for building occupants to provide enhanced security and convenience, and to help create healthier, safer and more intelligent workspaces for employees.

PRODUCT & SERVICE LIFECYCLE

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.

Materials

We utilize model-based systems design and develop technologies that help us optimize our product designs, maintaining performance while achieving the smallest possible material footprint. Material intensity metrics track relative improvement on a project-by-project basis. Examples of material optimization efforts in 2020 include:

- **Carrier Transicold designed the second-generation APX Control System for truck trailers** – used to monitor and operate the refrigeration unit – with a modified controller platform, eliminating a module to yield both material and cost savings.
- The amount of **refrigerant used in the Carrier AquaSnap scroll chillers and heat pumps has been reduced by an average of 30%** thanks to cycle optimization, reduced piping, optimum refrigerant distribution and newly optimized coils.

Refrigerants

Carrier is committed to delivering the right refrigerant for each application. The right refrigerant will vary by geography due to specific country or regional requirements. Where technically feasible, we will deliver natural or very low GWP refrigerant solutions (GWP<150), and we will continue to evaluate options to expand our offering of ultra-low GWP solutions (GWP<30). Carrier has products available today to meet the demand for lower GWP solutions, including the sustainable, ultra-low GWP refrigerant solutions of the CO₂OLtec, NaturaLINE and PUREtec product families.

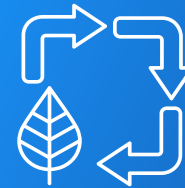
- **PUREtec HFO refrigerants like R-1233zd(E) with a GWP of less than 1 are Carrier's solution for centrifugal chillers** used in HVAC globally. PUREtec HFO refrigerants like R-1234ze(E) are Carrier's solution for screw chillers in Europe. HFO/HFC refrigerant blends like R-513A are alternative Carrier solutions for selected centrifugal and screw chillers used in North America.
- **Carrier has identified R-454B**, known commercially as Puron Advance, **as our primary lower GWP solution to replace R-410A** in all of our ducted residential and light commercial packaged solutions sold in North America. R-454B has a GWP that is 80% lower than the GWP of R-410A.
- **We have identified R-32 as our primary lower GWP solution to replace R-410A in scroll chillers.** This is expected to result in an 80% reduction in refrigerant carbon footprint.
- **CO₂ is Carrier's preferred natural refrigerant solution for transport and commercial refrigeration.** A safe and non-ozone depleting gas, CO₂ has a GWP of 1 and good energy efficiency. Carrier has pioneered the use of CO₂ in applications like supermarket refrigeration and marine container refrigeration to sustainably extend the world's food supply.

Solutions for Energy Efficiency and Emissions Reductions

Carrier continues to develop solutions and technologies that reduce energy consumption and GHG emissions of our products in use. And we are actively engaged with regulatory authorities, trade associations and other stakeholders, working collaboratively to pursue and implement industry-wide policies and initiatives that drive sustainability by promoting greater energy efficiency and lower GHG emissions.

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 2020, the installation of our high-efficiency and lower GWP refrigerant products and avoided food waste helped avoid approximately 68 million metric tons of GHG emissions, which is equal to the energy use of more than 8 million U.S. homes in one year.

Our service businesses are also providing customers with opportunities to reduce their own emissions. As one of the largest energy services companies in the United States, NORESO uses design-build and a variety of performance-based contracting vehicles to deliver energy and maintenance savings and significant infrastructure upgrades to existing facilities. In 2020, NORESO helped customers avoid over 1 million metric tons of CO₂ emissions through the reduced consumption of electricity, natural gas, propane, steam and other energy sources, and the use of combined heat and power plants to efficiently generate electricity and thermal energy. And EcoEnergy Insights, a leading provider of AI- and Internet of Things (IoT)-enabled solutions to digitally transform building and equipment operations, is supporting customers by using data insights to help drive optimal equipment performance. In 2020, EcoEnergy Insights delivered over half a billion kWh savings to customers – equal to the GHG emissions avoided by switching more than 15 million incandescent lightbulbs to LEDs.



NORESCO and EcoEnergy Insights have helped customers avoid

1.3M+

metric tons CO₂e in 2020.

Takeback and Recycling Programs

To fully close the loop, Carrier has developed programs to support responsible takeback and recycling.

- **Chubb's Extinguisher Recycling Unit (ERU)** offers safe processing and recycling of fire extinguishers in the United Kingdom. The service helps to ensure that 100% of a fire extinguisher is recycled, rather than going to landfill. In 2020, the ERU recycled over 278,270 extinguishers, which included processing more than 530,000 liters of liquid, 380 metric tons of powder, 30 metric tons of plastic, 138 metric tons of cardboard and 11 metric tons of plastic film.
- **Carrier's Refrigerant Destruction & Reclamation Program** helps destroy harmful chlorofluorocarbons at certified sites in a controlled, effective and accountable manner. Appropriate destruction helps to ensure that these chemicals are not used again or escape to our environment.

Gigaton Goal

We have set an ambitious goal to reduce our customers' carbon footprint by more than 1 gigaton by leveraging our energy-efficient products, using lower GWP refrigerants and sustainably expanding the cold chain in emerging economies to avoid food loss. One gigaton is 1 billion metric tons – equal to the carbon sequestered by more than 1.2 billion acres of U.S. forests.

The urgency of climate change requires us to be bold, to innovate and to disrupt. The future demands it.

Our long legacy of innovation reflects how we have led in approaching some of society's biggest opportunities. Carrier was the first company in our industry to phase out ozone-depleting refrigerants, and we were founding company number one of the U.S. Green Building Council. We also launched the Carrier CO₂NSERVATION Meter, which demonstrated our success in helping our customers avoid nearly 300 million metric tons of greenhouse gas emissions from 2000-2019.

Reducing the carbon footprint of our products in use is the biggest impact we can make to help address climate change.



Reduce our customers' carbon footprint by **MORE THAN 1 GIGATON**

[All 2030 ESG Goals](#) ▶

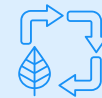
HOW WE ARE MEETING THE GIGATON GOAL:



Investing over \$2 billion to develop healthy, safe, sustainable and intelligent building and cold chain technologies and solutions that incorporate sustainable design principles and reduce lifecycle impacts.



Delivering efficient, innovative products throughout our portfolio that minimize customer energy use and emissions.



Using lower GWP refrigerants, in addition to our natural refrigerant technologies, to reduce the GHG footprint of our products while in use.



Expanding our **service** and **digital** solutions that use AI- and IoT-enabled data insights and performance monitoring to help customers reduce their energy use.



Extending sustainable cold chains. The adoption of cold chain technologies can reduce embedded emissions from food waste, which account for approximately 4.4 gigatons of GHG emissions globally each year.

PROGRESS

In 2020, the installation of our high-efficiency and lower GWP refrigerant products and avoided food waste helped avoid approximately 68 million metric tons of GHG emissions, which is equal to the energy use of more than 8 million U.S. homes in one year.

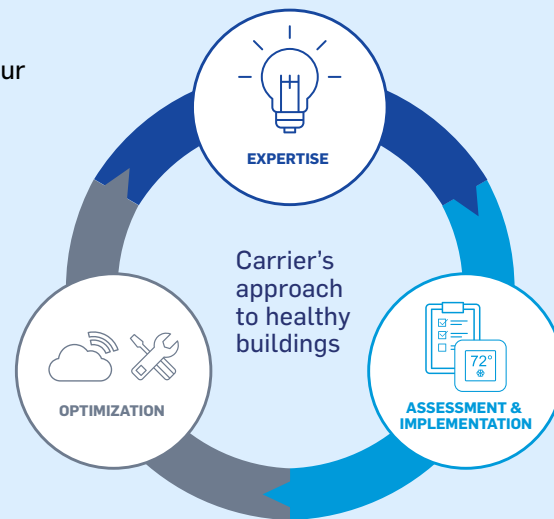
HEALTHY BUILDINGS & CONNECTED COLD CHAIN

Creating solutions that matter for people and our planet is more than our vision – it is our promise. Our HVAC technologies help improve the comfort, health and productivity of people in buildings and homes around the world. Our Refrigeration solutions help ensure that food safely reaches tables across the globe, and critical medicine and vaccines are moved and distributed effectively at a time when it matters most. Our Fire & Security solutions help protect people and property and enable more seamless, touchless experiences.



HEALTHY BUILDINGS

Carrier has long been the industry leader in healthy, safe, sustainable and intelligent buildings. Through our Healthy Buildings Program, we help optimize built environments in ways that improve operational efficiency and positively impact occupants – from helping to ensure physical safety and security to improving health, productivity and cognitive performance. Today, we are uniquely positioned to provide healthy building solutions through our expertise, global footprint and rapid innovation capabilities. We employ a lifecycle approach to address nearly all aspects of buildings, with an industry-leading portfolio of advanced equipment, services and automation offerings covering HVAC and Fire & Security. Carrier and the International WELL Building Institute, the world's leading organization focused on deploying people first places to advance a global culture of health, are joining forces to advance industry engagement globally through education and the adoption of healthy building practices. And as a member of the U.S. Green Building Council, Carrier is committed to changing the way buildings are designed, built and operated.



Healthier Schools

Carrier is committed to inspiring confidence in safe in-person learning. Our healthy buildings experts work with school districts to identify and implement actionable strategies related to engineering systems, including ventilation, filtration controls and touchless solutions, which can help create safer, healthier indoor environments.

HEALTHY HOMES

In 2020, Carrier launched Healthy Homes – a suite of targeted solutions that can help improve the overall health of homes and the people inside. Carrier products make homes more comfortable and help make the air inside fresher and cleaner. Fire safety products can help protect people, pets and homes in the event of a fire.



CONNECTEDCOLDCHAIN

More than one-third of all food produced is wasted every year, resulting in an estimated 4.4 gigatons of greenhouse gas emissions. In addition, vaccines require precise conditions for safe transport and storage. The world needs a more connected cold chain for greater visibility and control. Carrier is committed to rapid innovation, partnerships and thought leadership to help preserve, protect and extend the supply of food, medicine and vaccines around the planet. In 2020, we launched the Healthy, Safe, Sustainable Cold Chain Program to help customers meet rapidly evolving supply chain demands and make their cold chain activities more effective.



Lynx Digital Platform

Today's cold chain is fragmented with different providers and technologies at each stage of the supply chain, meaning limited visibility into the location, condition and handling of goods while en route. This can create a significant risk of temperature fluctuations from human error, equipment malfunctions and external events.

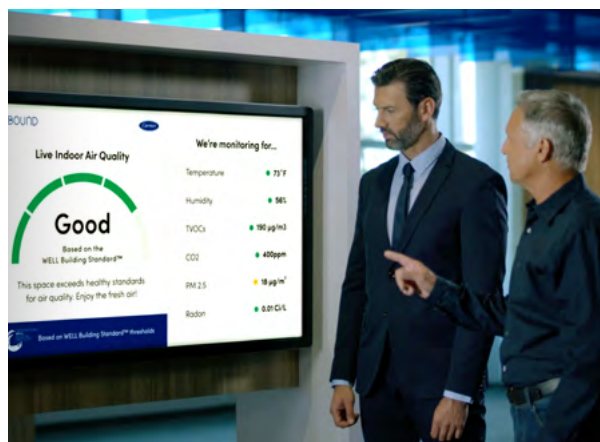
Carrier's Lynx digital platform, developed in collaboration with AWS, applies advanced Internet of Things, machine learning and analytics technology to connect the cold chain in the cloud, automate key processes and deliver real-time visibility and actionable insights throughout the cargo's journey. Lynx helps Carrier customers to optimize cold chain operations, decrease energy use and enhance outcomes with reduced costs, delays, cargo loss and spoilage in transit.



About by Carrier

Abound is a cloud-based offering that uses advanced technology to make building environments more intelligent, efficient and responsive. It connects directly to existing building systems and sensors. Abound is designed to easily work with most systems to unlock and unite siloed data to provide more powerful, actionable insights. The platform can be rapidly installed and scaled.

A hallmark feature of the platform is the ability for building operators to benchmark building performance related to air quality, ventilation and humidity against the thresholds identified by certain air features within the WELL Building Standard from the International WELL Building Institute. Building owners have the ability to display real-time information and messaging about a building's health through the Abound application programming interface, which can be used to create digital wallboards and support mobile experiences.



ABOUND

BluEdge

The BluEdge service platform is Carrier's best-in-class service and aftermarket offering. It instills confidence in our customers, who know that Carrier is there to support them with unmatched expertise and superior service throughout the lifecycle of their HVAC, Refrigeration and Fire & Security equipment.

Through a deep understanding of customer needs and investments in connected equipment and digital service solutions, BluEdge helps achieve enhanced equipment efficiency and performance – key components of our healthy, safe, sustainable and intelligent building and cold chain programs.

The BluEdge platform uses analytics to decipher data, extract insights and implement solutions before issues arise. The platform complements our existing network of service providers. Highly trained Carrier technicians and support teams are located across the globe, and our customers can count on our 22 aftermarket fulfillment centers for their parts and service needs.

BLUEDGE

OPERATIONS

We are committed to protecting what matters – our people and our environment. By designing, sourcing, producing, marketing and delivering our products and services in a secure, environmentally conscious and socially responsible manner, we actively work to create a world where people can be safe and comfortable.



OPERATIONS

CARRIER EXCELLENCE

Carrier Excellence is our continuous improvement engine that drives operational excellence across our company, enhances customer experience, enables growth and engages employees to solve problems in order to achieve breakthrough performance results.



Carrier Excellence keeps us focused on delivering outstanding performance by:

- Enhancing the customer experience.
- Driving value to our shareowners.
- Delivering best-in-class performance.
- Engaging employees to continuously improve our processes.
- Innovating sustainable solutions for the future.

The pillars of Carrier Excellence are culture, competency and tools:

Culture: Carrier Excellence provides a common language across the company to help create satisfied customers, reduce waste and meet business objectives.

Competency: The Carrier Excellence Certification Program provides a framework for delivering training, administering improvement events and managing individual competency progression.

Tools: Carrier Excellence tools are methods for managing and improving processes, eliminating waste, identifying and resolving problems, and managing critical decisions and project execution.



2030 ESG GOALS



Achieve **carbon neutral** operations.



Reduce **energy intensity** by 10% across our operations.



Achieve **water neutrality** in our operations, prioritizing water-scarce locations.



Deliver **zero waste** to landfill from manufacturing locations.



Maintain world-class **safety metrics**.



Establish a **responsible supply chain program** and assess key factory suppliers against program criteria.

[All 2030 ESG Goals](#) ▶

We **measure the effectiveness of our practices** through several key performance indicators – and our dedication to consistent improvement is reflected in our [2020 goals results](#).

ENVIRONMENT, HEALTH & SAFETY

Carrier's Environment, Health & Safety (EH&S) operating system and ongoing employee health and safety initiatives help protect our employees and ensure our compliance with applicable laws and regulations.

EH&S Operating System

As a part of [Carrier Excellence](#), our EH&S operating system provides a framework for continuous improvement through integrated planning, performance and measurement.

Our EH&S organization, governance and performance expectations are consistent with ISO 14001 and ISO 45001 management system standards, and include:

- Management and board-level responsibility for environment, health and safety issues.
- Organizational structure integrating EH&S management throughout the enterprise.
- Compliance with environment, health and safety regulatory requirements.
- A formalized EH&S risk management system.
- Data and document management, including performance measurement, corrective action monitoring and metrics reporting.
- Best practice sharing of EH&S topics and issues.
- Employee training.
- Driving industry-leading processes and practices that support health and safety, and reduce our environmental footprint.

Program governance begins at the local site level and flows up to our CEO and Board of Directors, who oversee program performance against established targets and provide strategic direction, which is outlined in our [EH&S Policy](#).

Environment

Energy and Greenhouse Gas Emissions

Our goal to achieve carbon neutral operations by 2030 builds on our legacy of implementing targeted reduction programs across our global facilities. We are also committed to setting science-based targets aligned with the goals of the Paris Agreement. Through our investments in energy efficiency projects, as of year-end 2020 we have reduced our operational greenhouse gas (GHG) emissions in absolute terms by over 78 thousand metric tons compared with our 2015 baseline.

Our energy management program focuses on implementing sustainable energy-reduction initiatives for specific facility conditions. Facilities are required to review and select best management practices to achieve energy and greenhouse gas emission reductions and document them. These include:

- Conducting regular energy audits to identify additional projects to improve energy efficiency.
- Executing building retrofit improvements to reduce heating and cooling needs.
- Responsible refrigerant management in production and testing processes.
- Electric load management to reduce energy needs during peak times.
- Energy-efficient lighting fixtures and monitors.
- Identifying and fixing compressed air system leaks.
- “Shut-it-off” programs to reduce equipment energy use when not in operation.

Facilities are also assessing and implementing initiatives to expand the use of on-site renewable energy. In addition to other energy efficiency projects, our facility in Gurugram, India, installed a 500 kWp solar power plant, resulting in a 380 metric ton reduction of GHG in 2020.



SPOTLIGHT EcoEnergy Insights

Carrier's EcoEnergy Insights, a leading provider of artificial intelligence- and Internet of Things (IoT)-enabled solutions to digitally transform building and equipment operations, was awarded a Top Project of the Year award in the 2020 Environment + Energy Leader Awards program. EcoEnergy Insights deployed its IoT platform, CORTIX, at our Collierville, Tennessee, facility. Data from all equipment and systems at the plant was fed to the software, which processed more than 700,000 data records per day from over 8,200 unique data points. The platform provided actionable insights on three aspects of the equipment's performance: health, availability and efficiency. The EcoEnergy Insights team discovered energy wastage scenarios and implemented more than 30 HVAC controls-based strategies. After six months, the results were a 5.5% average energy savings and 9% average reduction in natural gas consumption.

Water

Carrier faces increasing global water supply risks due to climate change, including localized and recurrent droughts, competition for water in water-constrained watersheds and municipal infrastructure limitations. We have set a goal to achieve water neutrality in our operations by 2030, prioritizing water-scarce locations. Reducing water consumption decreases the potential for business disruption, helps to conserve scarce resources and promotes sustainability.

As of year-end 2020, we have reduced our water consumption in absolute terms by 202 million gallons compared with a 2015 baseline. We established site-specific goals aligned with each facility's size and water scarcity category and implemented best management practices, including leak management, flow meters, low flow fixtures, process water recycling and landscaping plans that minimize water use. For example, our facilities in Lecco, Italy, and Montilla, Spain, reduced their water use by a combined 15.7 million gallons in 2020 by implementing closed-loop water systems.



SPOTLIGHT Automated Logic

Automated Logic (ALC) established a cross-functional Green Team at its headquarters in Kennesaw, Georgia, to implement a site-specific plan to reduce energy and water use. The team selected products from the Carrier portfolio, such as ALC's WebCTRL building automation system to manage energy conservation efforts, monitor water use and set alarms for leaks. ALC also upgraded its HVAC units with high-efficiency Carrier WeatherMaker rooftop units and installed Eco-Screen displays so employees could engage with building environment data. These solutions and other initiatives have resulted in a 22% reduction in GHG emissions and a 55% reduction in water consumption since 2016.



SPOTLIGHT Montluel

We renovated the test lab in our Montluel, France, facility, where we make and test chillers. The renovations included the installation of our high-efficiency AquaForce chillers, which are variable speed drive chillers optimized by our controls to adapt to energy need and operating conditions, such as weather. We also shifted the refrigerant used to a lower global warming potential and nonflammable refrigerant, R-515B, and installed our energy-efficient dry coolers, which replaced cooling towers that have been dismantled. The renovation resulted in a 25% reduction in the facility's annual energy consumption and the reduction of water use by nearly 1.2 million gallons per year in the test lab.

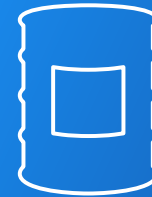


Test lab renovations at the Carrier Research and Design Center in Montluel, France, have reduced the facility's annual energy consumption and water usage.

Waste and Recycling

We have set a goal to deliver zero waste to landfill from manufacturing locations by 2030. Our waste management program is designed to reduce our waste generation and impact on the environment through three actions:

- **Best Management Practices:** We require manufacturing facilities to implement 10 best management practices to understand and reduce sources of waste:
 - Establish a site waste management team.
 - Conduct a waste process assessment.
 - Document waste determinations.
 - Install waste containers.
 - Commit to 100% metal recycling.
 - Commit to 100% non-metal commodity recycling.
 - Set a formal coolant management program.
 - Evaluate wastewater sources and constituents.
 - Investigate and characterize all acid/alkalis waste streams.
 - Identify characteristics, sources and amounts of unique and/or small volume wastes.
- **Hazardous Waste Reduction Target:** Hazardous waste represents less than 10% of our total waste generation but poses significant potential risk to the environment. The risk also extends to the required regulatory compliance and the overall cost of managing waste reduction. Since 2015 we have reduced our total hazardous waste output by over 1.3 million pounds.
- **Recycling:** More than 90% of the waste we generate each year is nonhazardous, and includes commodities such as metal, wood, paper and glass. We exceeded our 2020 goal by successfully recycling over 100 million pounds of materials in 2020.



Since 2015 we have reduced our total hazardous waste output by

1.3M+

pounds.



We successfully recycled

100M+

pounds of materials in 2020.



SPOTLIGHT Our Facilities

Our commitment to sustainability begins with where we work. In each of our locations, we lead with policies, processes and practices intended to create safe and sustainable environments for our entire workforce. Our green building footprint spans the globe, with 17 LEED-certified buildings in our owned and leased portfolio.

Health and Safety

Workplace health and safety is a fundamental indicator of sustainable performance. As part of our 2030 ESG Goals, we are committed to maintaining world-class safety metrics.

Our approach to workplace safety is built on three principles:

- 1 Health and safety is a responsibility shared by all employees.
- 2 Workplace safety requires continuous discipline and focus.
- 3 Leading indicators help focus our attention on areas where risks and injuries can emerge over time.

There is nothing more important than protecting the health and safety of our employees, our customers and the natural environment. In keeping with *The Carrier Way* and our culture of continuous improvement, we are replacing our Cardinal Rules with a new “Lead with Safety” program that includes a set of behaviors that all Carrier employees can embrace.

Our nine safety commitments empower our employees to stop work if any task cannot be performed safely, and support our existing EH&S program. Our program tracks the efficacy of our personal safety measures and helps reduce the frequency of incidents, upholding our 2030 commitment to maintain world-class safety metrics.



Policies and Programs

Our health and safety policies and programs reflect our corporate commitment to workplace health and safety through a variety of measures, including:

- Deliberate actions to provide our employees and contractors a workplace free from injury and illness.
- Leadership allocation of necessary resources to support the implementation, continuous improvement and sustainment of our EH&S management system.
- Fostering active participation and engagement of all employees.
- Promoting a culture of hazard awareness and prevention that drives to zero incidents.
- Governing our operations to ensure performance above and beyond compliance with applicable laws, regulations and permits globally.
- Ensuring the mitigation of EH&S impacts in all business decisions.

Building a Culture That Protects Our People

We are committed to building a culture that protects our people. All employees on the manufacturing floor or in field installations and repairs are trained in workplace health and safety policies and procedures, and each is responsible to report potential workplace hazards and unsafe conditions.

We have established health and safety councils that meet regularly to direct and coordinate EH&S initiatives. Their activities include reviewing and updating programs, identifying new program initiatives and policies, conducting evaluations, assessing progress to goals, reviewing compliance assessments, and initiating recommended actions for employee health and safety engagement and communications.

We measure the effectiveness of our health and safety programs using a variety of metrics, including total recordable incident rate (TRIR) and lost-day incident rate (LDIR). And in response to trends in our employee safety data, in 2021, we launched a wearable technology pilot program to understand additional opportunities to address ergonomic injury types.

| | TRIR* | LDIR** |
|------|-------|--------|
| 2018 | 0.46 | 0.08 |
| 2019 | 0.41 | 0.09 |
| 2020 | 0.37 | 0.13 |

COVID-19 and Worker Safety

We are committed to navigating the evolving circumstances surrounding COVID-19, taking actions aligned with the latest information and global guidance to protect our employees, serve our customers and minimize the spread of the virus while continuing to provide essential products and services.

We have taken important precautionary measures spanning all areas of our business, both in our offices and our manufacturing sites, to protect the safety, health and well-being of our employees. We have implemented travel restrictions, enhanced deep cleaning procedures across all facilities, incorporated thermal screening, modified processes to enable social distancing and altered schedules to minimize employee gatherings, including remote working arrangements for those whose jobs allow. We have also provided comprehensive health and safety information to employees at all of our locations, and we will continue to work to identify additional ways to enhance the safety of our facilities.

Reducing Ergonomic Risk and Workers' Exposure to Hazardous Substances

Reducing ergonomic hazards represents one of the biggest areas of opportunity for Carrier. We know we can reduce future injuries by eliminating these risks.

Our 2020 goals included two commitments:

- **Reducing Ergonomic Risks:** The goal was to reduce ergonomic risks assessed at high or medium by 50%, against our 2015 baseline, and as measured by a formal ergonomic risk assessment.
- **Reduce Workers' Exposure to Hazardous Substances:** The goal included reducing hazardous substance exposure levels to less than 50% of occupational exposure limits[†] or to a qualitative exposure assessment score of moderate or below.

These goals are in progress. As we continue on our journey to ensure healthy, safe, sustainable and intelligent operations, Carrier is updating our banned chemicals list to build on the progress made toward our 2020 goal. Our COVID-19 safety measures limited the number of employees in our facilities, affecting the calculation and comparability of this topic across reporting years.

An additional aspect of our workplace safety efforts includes monitoring the safety of third-party contractors within our facilities. To enhance these efforts, we are engaging with a third-party assessment platform to transparently measure, track and manage the health and safety policies and practices of our third-party contractors. In 2020, we invited over 800 contractors to be involved in the initial pilot phase of these efforts.

* TRIR: Number of fatalities, lost-day cases, restricted duty cases and medical treatment cases X 200,000/total hours worked.

** LDIR: Number of lost-day cases X 200,000/total hours worked.

[†]Occupational Exposure Limits (OEL) are defined as the lowest of the following: the American Conference of Governmental Industrial Hygienists Threshold Limit Values, or manufacturer recommended or regulatory exposure limit for chemical, physical and biological agents. Note that the implementation of workplace control measures (substitution, engineering controls or administrative controls) is required in situations where exposures exceed the OEL. Respiratory protection is provided to ensure 100% of employee exposures are below the OEL where engineering controls and administrative controls have not achieved the desired reductions.

PRODUCT SAFETY & QUALITY

Ensuring Product Safety

Our product safety program focuses on proactive risk prevention during the product development process, and rapid and effective mitigation of product safety risks identified in the field. Our [Product Integrity Policy](#) establishes governance and coordination within and among our business units. The Carrier Product and Services Safety Council meets regularly to review incidents requiring specific customer or regulatory communications. The Carrier Product Safety Board, comprised of our CEO and key direct reports, is responsible for overall implementation of the Carrier product safety program.

Each business unit is expected to implement our corporate Product Integrity Policy by:

- Appointing a Product Safety Officer with responsibility for the oversight of product safety issue management and the establishment of proactive measures.
- Establishing a Product Safety Council that reviews product safety issues and oversees implementation of the product safety policy.
- Exercising responsibility for incident identification, reporting, investigation and timely resolution as well as fostering an effective safety culture.

New hires are required to take product safety training, which includes information on when and how to report potential or actual product safety events. Additional training on product safety is provided to employees based on their role.

Advancing Product Quality

Our product quality policies and programs set standards, metrics and processes to help ensure the integrity of our products along their lifecycle. Our quality organization convenes regularly to review data, lessons learned, best practices, and process and policy enhancements. We set targets for and assess progress toward reductions in the cost of poor quality.

- **Product Development** – Every new product is included in Carrier's new product development process, a gated process ensuring cross-functional teams are involved in product development from concept to commercialization. Products will not be released until specified safety, verification and reliability testing has been completed. Products are then approved by an internal review board consisting of executive leadership from engineering; operations; quality; product safety; and environment, health and safety.
- **Manufacturing and Production** – Our factories go through an in-depth quality assessment to ensure compliance with our standards. We track product quality results and set annual goals across the entire value stream.
- **Customer Use and Aftermarket** – We monitor products after they have been delivered to customers by reviewing warranty data and customer feedback. Quality managers regularly review claims data so that we can quickly react to field issues and customer feedback.

A Culture of Continuous Improvement

We engage Carrier's Internal Audit team to assess product safety culture and awareness in selected business unit sites on a quarterly basis. We engage external safety professionals to assess product safety systems and related processes.

The Carrier Product Safety Board, chaired by our CEO, meets twice annually to review business unit performance, company-level performance and program health indicators. Our Vice President of Quality is required to certify each business unit's quality management system annually. We also perform rigorous internal zero-escape health assessment audits to drive quality within our factories.



More than

95%

of our global manufacturing sites are ISO 9001:2015 certified.



SUPPLY CHAIN

Our suppliers are a critical part of the global Carrier team. From their innovation to their commitment to quality, our suppliers work with us every day to meet and exceed the needs of our customers. In addition to upholding our expectations for quality, ethics and safety as communicated in our [Supplier Code of Conduct](#), we are actively engaging with our suppliers to develop a world-class supplier sustainability program.

Engaging Our Supply Chain

As a newly independent company, one of our top priorities was to strengthen our environmental, social and governance opportunities throughout our supply chain. To achieve our 2030 supply chain goal, we have established a supply chain sustainability program strategy consisting of four pillars:

- 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.

To do this, we have partnered with EcoVadis, a third-party assessment platform and engagement tool, to assess our top factory suppliers across key ESG topic areas, including labor practices, human rights, ethics, energy, climate, water and more. As of November 2020, we invited approximately 1,100 suppliers to complete this assessment, with a goal to have 80% of our direct factory spend engaged.

Supplier Excellence

We count on our suppliers to meet the same high standards for quality, delivery, cost and customer satisfaction that we place on

ourselves. Carrier's Supplier Excellence program is designed to rate our suppliers on key metrics and to develop a long-term business relationship with our Carrier Preferred-level suppliers.

Suppliers can reach Carrier Preferred status by committing to operational excellence and to meeting cost and sustainability targets:

- Zero factory escapes for the last six months.
- ≥98% on-time delivery for the last 12 months.
- Adhere to problem-solving guidance to address issues in a disciplined and timely manner.
- Driving toward zero defects.
- An EcoVadis sustainability score ≥45.



Supplier Diversity

Key to our success have been our relationships with high-quality diverse suppliers. Our Supplier Diversity Program supports building and maintaining a diverse supplier base that helps drive innovation throughout our value chain. Through it, we establish relationships with qualified suppliers in more than a dozen diverse categories, creating value for our company and our communities.

As a newly independent company, we set a goal to establish a responsible supply chain program and assess key factory suppliers against program criteria, including diverse spending. As part of this assessment, we are engaging with third-party experts to support our data collection and review process. During this process, we have refined our standards to better align with industry best practices for data collection and reporting. In 2020, we spent approximately \$260 million with first- and second-tier diverse-owned businesses in the United States.

Conflict Minerals

Carrier has established a conflict minerals compliance program designed to conform, in all material respects, to the internationally recognized due diligence framework established by the Organization for Economic Cooperation and Development (OECD). We support industry-wide initiatives that raise awareness for responsible sourcing of conflict minerals and support the development of conflict-free sourcing, such as the Responsible Minerals Initiative (RMI), where Carrier serves as a partner member.

Our [Conflict Mineral Policy](#) sets forth our preference to source tantalum, tin, tungsten and gold (known as 3TG) originating in the Democratic Republic of the Congo region from a smelter or refiner validated as conflict-free by an independent third party. Because Carrier does not source 3TG directly from smelters or refiners, engagement with our suppliers is a fundamental element of our efforts to comply with the legislation. Our 2020 performance is documented in our [Form SD Conflict Minerals Disclosure and Report](#).

PEOPLE & CULTURE

Our ~56,000 employees are the heart of Carrier. We are a company of innovators and problem-solvers who are united by *The Carrier Way* – our vision, values and culture.



PEOPLE & CULTURE

2030 ESG GOALS



Exceed benchmark **employee engagement**.



Achieve **gender parity** in senior leadership roles.



Achieve a **diverse workforce** that represents the communities in which we live and work.



Foster the growth of **Employee Resource Groups (ERGs)** to drive social impact.

[All 2030 ESG Goals](#) ►

The Carrier Way

The Carrier Way outlines our vision, reaffirms our values, defines the behaviors that create a winning culture and establishes how we work and win together, while never compromising our values. *The Carrier Way* is at the center of everything we do, and how we engage and focus all our employees, globally, toward one purpose.

The Carrier Way

VISION

Our aspiration; why we come to work every day.

Creating solutions that matter for people and our planet.

VALUES

Our absolutes; always do the right thing.

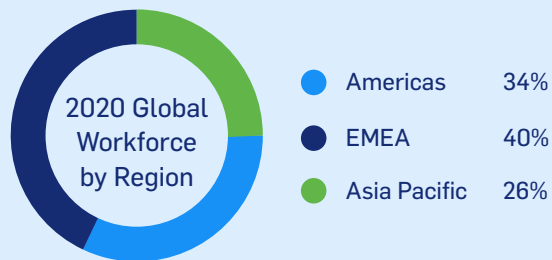
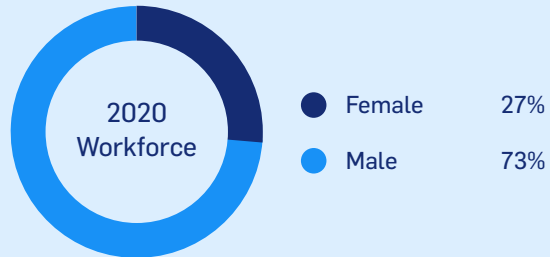
Respect Integrity Inclusion Innovation Excellence

CULTURE

Our behaviors; how we work and win together, while never compromising our values.

| | |
|--|---|
| <p style="margin: 0;">Passion for Customers We win when our customers win.</p> <p style="margin: 0;">Play to Win We strive to be #1 in everything we do.</p> <p style="margin: 0;">Choose Speed We focus and move with a bias for action.</p> | <p style="margin: 0;">Achieve Results We perform, with integrity.</p> <p style="margin: 0;">Dare to Disrupt We innovate and pursue sustainable solutions.</p> <p style="margin: 0;">Build Best Teams We develop diverse teams, and empower to move faster.</p> |
|--|---|

Our Workforce



2020 Global Voluntary Turnover* by Region



2020 Global Voluntary Turnover* by Gender



* Includes global voluntary turnover for permanent employees; does not include temporary employees.

CULTURE & ENGAGEMENT



Exceed benchmark **employee engagement**.

[All 2030 ESG Goals](#) ▶

As an employer of choice, we strive to provide a great place to work that attracts, develops and retains the best talent, promotes employee engagement and inclusion, and fosters teamwork.

We do this by developing and deploying best-in-class programs and practices, providing enriching career opportunities, listening to employee feedback and always challenging ourselves to do better.

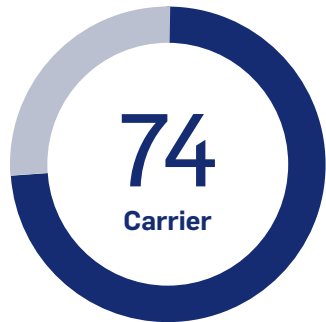
Employee Engagement: *Pulse* Survey

We understand the importance of ensuring that employees feel valued and engaged, and we are committed to hearing their voices.

In order to measure progress against this goal, we conduct a global engagement survey three times a year. Conducted online and in local languages, *Pulse* surveys are an opportunity for employees to provide honest, confidential feedback. Surveys are short to encourage participation and so we can quickly analyze results, translating them into insights and actions. People managers have access to the results for their teams, and we equip them with tools and resources to take meaningful action. We also share the results of each survey with employees.

Pulse Survey 2020 Engagement Score

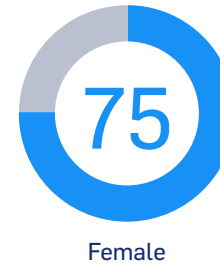
In our last *Pulse* survey for 2020, our results showed that:



- Our engagement score was 74, 2 points above the 2020 benchmark of 72.
- ~60% of our employees participated in the *Pulse* survey.

Engagement Scores by Category

Gender



Employee Category



U.S. People of Color



DEVELOPMENT & CAREER PROGRESSION

We invest in our employees and their development so their careers can progress and we can grow together.

Early Career Programs

Carrier and our business segments offer unparalleled opportunities for college students and recent undergraduate and graduate students. Opportunities are available through programs such as internships, early career programs and formal two-year rotational development programs.

- Through our **internship program**, students learn about our industry-leading products and gain on-the-job, hands-on experience creating innovative solutions by working with mentors and senior leaders.
- Our **Leadership Rotational Programs** for recent graduates allow participants to build skills through eight-month rotations in different disciplines within our Operations, Digital Technology and Finance organizations. Through work experience, seminars, mentoring and guidance from Carrier leaders and program alumni, rotational programs develop employee capabilities, enhance learning and develop future leaders.
- Our **Engineering Leadership Program** is a program that offers a hands-on engineering experience in a closely mentored cohort. Associates obtain career development opportunities and exposure to leadership while developing a strong professional network, either through a rotational track or an early career position. Program participants graduate with opportunities to grow their engineering careers at Carrier.
- Through our university **on-campus recruiting program** and **strategic university partnership engagement**, we focus on attracting the best talent and providing rewarding career opportunities.

In 2020, we welcomed over 400 interns around the world, and 40 early career hires for our Carrier Leadership Program.

Building Lifelong Skills and Careers

Learning and development are core to Carrier's culture – a culture that provides employees with the knowledge, experience and perspective they need to achieve ever-higher levels of performance in everything they do.

Sharing best practices, building business networks, coaching and tapping into knowledge across the company are embedded in our learning methodologies. Each year our employees complete thousands of hours of training through internal programs, e-learning, virtual classrooms and external seminars. A common global learning portal connects employees with tools to enhance their skills in areas such as leadership, ethics and job- or function-specific programs. Full- and part-time employees can choose from over 26,000 online courses from industry-leading training providers, in multiple languages.



SPOTLIGHT

The Employee Scholar Program

We offer one of the most comprehensive company-sponsored employee education programs in the world. Available to our global workforce, the Employee Scholar Program covers the cost of tuition, academic fees and books at approved universities.

\$160M+

invested since inception in 1996

50+

countries with employee participation since inception

8,500+

degrees earned since inception

600+

current participants

Leadership Development Programs

Carrier believes in the 70-20-10 model of learning, which leverages research that shows 70% of learning occurs through on-the-job experience and growth assignments, 20% through relationships and 10% through formal training. This approach guides our focus on managerial and development practices aimed at growing our talent.

To advance the careers of our future leaders, we offer the Talent Possible suite of development programs. Talent Possible supports leadership development needs at three critical career stages: early career, mid-career and senior leadership. From building trust to managing priorities and guiding collaborative discussions, each program focuses on the unique skills leaders need to support themselves and their teams. Two hundred Carrier employees participated in one of our Talent Possible cohorts in 2020, and more than 250 employees have graduated from the program since its inception in 2019.



TALENT POSSIBLE

Discover. Develop. Engage.

Early Career Talent:

Discover Your Possible

This program consists of development sessions covering topics critical to building leadership capability early in one's career, including building trust, managing priorities, guiding collaborative discussions and leading effective meetings. Designed for early career professionals who have future leadership potential, these sessions are interspersed with job-related activities, app-based reinforcement and a partner skills practice session.



Mid-Career Talent:

Connect Your Possible

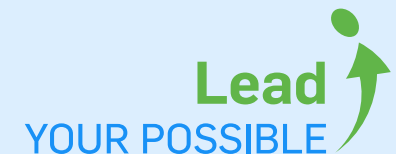
Providing foundational skills covering topics such as how to be an accountable leader in the digital age, the program equips professionals with the mindset, skills and tools they need to achieve organizational and personal objectives.



Senior Leaders:

Lead Your Possible

Designed for senior leaders with potential for growth into broader roles, this program focuses on developing the mindset, skills and strategy for effectively leading diverse and complex teams, priorities and organizational initiatives.



Performance Management and Development Reviews

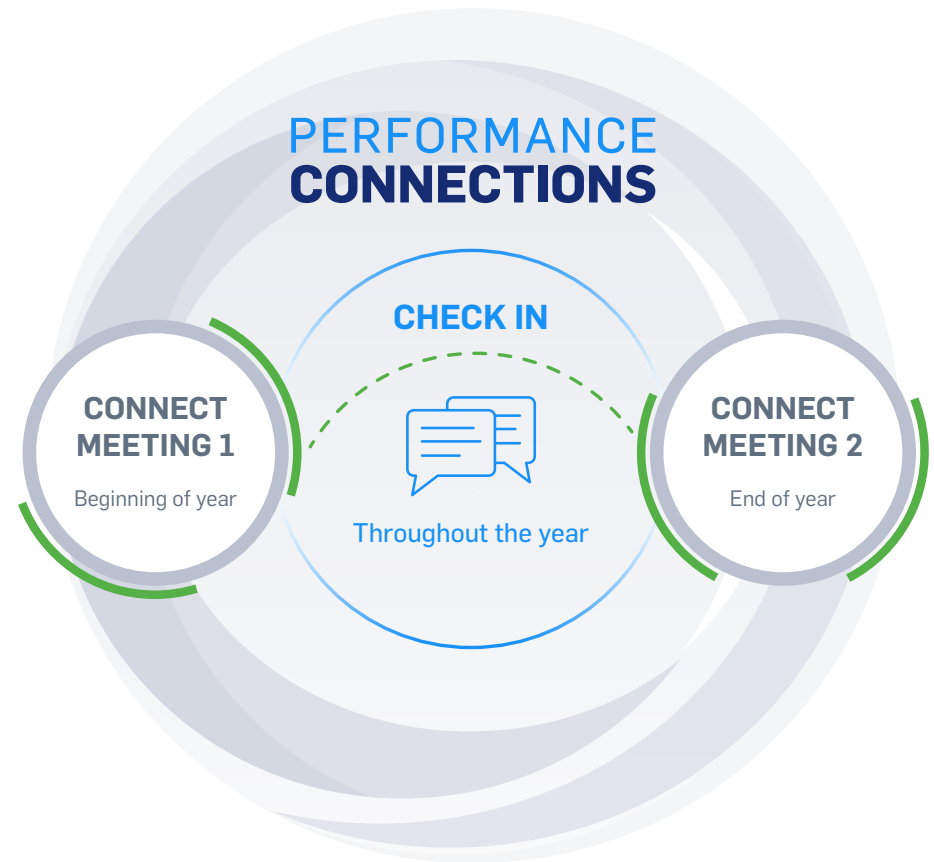
Our performance management and development program sets the stage for our employees to perform at their very best, while developing their careers at Carrier.

We follow an annual cycle that is composed of two stages. At the beginning of the year, during our first *Connect* meeting, we set clear goals for employees that are aligned with Carrier's winning strategy. During the course of the year, supervisors and employees hold "*Check In*" meetings to discuss how things are going, where we need to adjust and re-prioritize, and it is also where managers provide ongoing and candid feedback on performance and development. Finally, at the end of the year, we do a *Connect* meeting where we take stock of how we have performed against those goals, and we get ready for the year to come. Integrated as part of this supervisor-employee process is an ongoing discussion of how employees are doing against *The Carrier Way* expected values and needed behaviors for the cultural change journey.

The entire focus of the program is substance over form, with a greater emphasis on the discussion between supervisors and employees regarding goals, feedback and development – quality and candid discussions – and less on ratings or heavy documentation.

Succession Planning and Leadership Development Reviews

Carrier also conducts an annual Leadership Development Review, where senior leaders across the globe review and discuss our talent and succession plans for key leadership positions, allowing us to see where we have a talent bench, and where we can improve. This process also allows us to identify key future leaders, discuss strengths and opportunities, and focus on development.



DIVERSITY & INCLUSION



Achieve **gender parity** in senior leadership roles.



Achieve a **diverse workforce** that represents the communities in which we live and work.



Foster the growth of **Employee Resource Groups** to drive social impact.

[All 2030 ESG Goals](#) ►

Our Diversity Strategy

Our greatest strength is the diversity of our people and their ideas. We have a robust process to attract talent from the diverse, global marketplace, valuing cultural differences and varied perspectives, backgrounds and experiences. We are committed to a workplace that is truly and genuinely inclusive, one that inspires and encourages everyone, everywhere, to bring their authentic selves to work, every single day. Our ultimate goal is simple – we want each and every Carrier employee to feel like they *_belong_*.



Carrier's diversity and inclusion (D&I) strategy consists of four key tenets: Reduce the Gap, Develop & Sponsor, Drive Inclusion and Lean Forward.



**Reduce
the Gap**

Recruit more
diverse talent
to Carrier



**Develop
& Sponsor**

Develop,
mentor and
sponsor diverse
employees



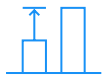
**Drive
Inclusion**

Drive an inclusive
culture through
education, training,
listening sessions
and more



**Lean
Forward**

Celebrate our
differences



Reduce the Gap

We are very focused on reducing the gap by recruiting more diverse talent to Carrier, starting with expanding our engagement with historically Black colleges and universities (HBCUs), the National Society of Black Engineers, the Society of Hispanic Professional Engineers and the Society of Women Engineers, and progressing diverse talent faster in the organization.

We are proud to say our efforts to build a diverse workforce are yielding results. Since 2015, we have successfully increased our diversity representation.

Leadership Accountability

In 2021, we are connecting executive incentive compensation to progress against ESG goals, including diversity goals.

Our Progress on Reducing the Gap



Carrier's Board of Directors is

25%

diverse at year-end 2020.*

Carrier's Executive Leadership Team is

54%

diverse at year-end 2020.*

| | 2015 | 2020 |
|------------------------------------|------------|------------|
| Global executive diversity* | 27% | 43% |
| Global women executives | 20% | 31% |
| U.S. People of Color executives | 13% | 25% |
| U.S. People of Color professionals | 18% | 23% |

In 2021, we added additional members to our Board of Directors and Executive Leadership Team, bringing our board diversity to 33% and Executive Leadership Team diversity to 57%.

[View EEO-1 Report](#) ▶

* Global women or U.S. People of Color.

Partnerships

We are proud to partner with two top HBCUs – Spelman College and North Carolina Agricultural and Technical State University – to strengthen our diverse talent pipeline.

Carrier and Spelman College have partnered to create programs to help students develop skills of the future. The multiyear commitments involve creating two flagship programs, including The Carrier Ambassadors Program for Spelman Honors Students and the new Carrier Elevate(S) program, a leadership, development and mentoring program designed for high-potential juniors seeking engineering, sales, operations, digital and finance careers. Carrier is also supporting the refresh of Spelman's Virtual Career Center with new content and videos on careers in the HVAC, Refrigeration and Fire & Security industries and links to career opportunities with Carrier.

Our partnership with North Carolina Agricultural and Technical State University is helping students gain valuable skills, as well as prepare them for future careers at Carrier through development and mentorship. The five-year sponsorship includes annual programming for career and recruitment initiatives, funding for several student academic organizations, participation in senior design and capstone projects, and scholarship opportunities.

Affiliations

Carrier is a platinum-level member of the National Society of Black Engineers and a member of its Board of Corporate Affiliates. Carrier is also a member of the Society of Hispanic Professional Engineers and the Society of Women Engineers. We are collaborating in regional and national conferences, partnership events and other programming, leaning forward into our commitments to diversity and inclusion.

Develop & Sponsor

Developing and sponsoring are critical to our journey. In 2020 our senior leadership team led leadership development reviews dedicated to high-potential talent, including focused conversations on diverse talent. Our senior leaders are also expected to actively sponsor and mentor diverse employees who will be identified through this process.

ELEVATE Development Platform

A key part of our diversity and inclusion strategy is the focused development of our affinity employee groups. In 2019, Carrier launched the ELEVATE development platform, starting with ELEVATE: Women in Leadership, a program created to elevate women into leadership roles. Since inception, the program has engaged more than 120 women from across 17 countries, offering immersive development and learning opportunities through hands-on seminars, mentors and executive sponsors, dedicated coaching and access to high-impact career opportunities. In 2020, we announced the launch of ELEVATE: Blacks in Leadership, which will graduate its first cohort of 24 professionals in 2021.



ELEVATE



ELEVATE
WOMEN IN LEADERSHIP



ELEVATE
BLACKS IN LEADERSHIP

120+ women from across 17 countries have participated in ELEVATE: Women in Leadership since the inception of the program.

Employee Resource Groups

Our Employee Resource Groups reflect the diversity of our workforce and help develop our affinity groups. Our ERGs are global, visible and sponsored. Through five strategic working areas – education and awareness, professional networking, community outreach, business partnering and strategy execution – we ensure alignment to Carrier’s long-term vision of inclusion.

Our ERGs operate with a formal leadership structure, including a steering committee, senior leadership sponsorship and a defined mission statement aligned with supporting Carrier’s business strategy. Our employees create and lead grassroots efforts to solve problems and boost member development through programs such as mentoring and career advice events. Since 2020, approximately 2,000 employees across our global footprint have joined an ERG.

ERG initiatives include business initiative advising, Day of Understanding, holiday observances, mentoring programs, recruitment fairs, roundtable discussions, university partnerships and “In My Shoes” communication campaigns to share personal experiences and foster deeper appreciation.



SPOTLIGHT Carrier Black Alliance ERG

CBA strives to bring awareness through events including fireside chats, professional development seminars, celebrations for Black History Month and Juneteenth, and our “Seat at the Table” series. These events aim to facilitate meaningful dialogue between our guest speakers, leadership panels and CBA members. Welcoming allies interested in supporting the vision of the group, CBA is not only a resource for generating a diverse and inclusive environment, but a trusted business partner delivering solutions for us to achieve *The Carrier Way*.



ASIAN_S_belong

United Carrier Asian Network (UCAN)

Drives awareness about Asian culture, fosters inclusion, and builds an ecosystem for diverse talent and company growth.



HISPANICS_belong

Carrier Hispanic & Latino Employee Engagement Resource group (CHEER)

Promotes attraction, connection, development and leadership of Hispanic and Latinx employees.



MILITARY & VETERANS_belong

Military and Veterans

Supports the recruitment, growth, retention, professional transition, well-being and continued service of veterans, military members and their families.



BLACKS_belong

Carrier Black Alliance (CBA)

Fosters programs to attract, retain, inspire and support the equity of Black and African American employees.



LGBTQIA+_belong

PRIDE at Carrier

Creates an inclusive work environment through education, awareness and building a sense of belonging for LGBTQIA+ employees.



WOMEN_belong

Women’s Empowerment (WE@Carrier)

Develops and accelerates growth of women in the organization, addresses unique challenges of women in leadership and fosters active allyship.



Drive Inclusion

Key to inclusion is to listen and learn, and to focus on education and training of leaders and employees across the organization. Through Employee Resource Groups, fireside chats, listening sessions and unconscious bias training, we are focused on driving a culture of inclusion throughout the company. There is zero tolerance for any form of discrimination, and we provide employees with an [Integrity Line](#) to report incidents of racism or discrimination.

As a part of our broader diversity and inclusion strategy, we provided employees with resources to develop their awareness and understanding through newsletters, new learning content in the Carrier Learning Portal and a manager toolkit with resources tailored for managers. We also offered two online courses to our global salaried workforce about diversity and inclusion and unconscious bias, both available in multiple languages. In 2020, more than 26,000 employees participated in these various online learning opportunities.

D&I Champions

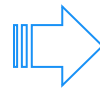
To supplement existing reporting channels, Carrier established the D&I Champions Program, a global, diverse group of trained professionals serving as resources for employees to share and report concerns not only related to actual or potential violations of Carrier's Code of Ethics, but also to our D&I commitments. D&I issues may include claims of harassment or discrimination, micro-aggressions or questions and concerns that may impact our ability to be truly inclusive.

Perfect Score: Corporate Equality Index

We achieved a perfect score on the [Human Rights Campaign Foundation's 2021 Corporate Equality Index](#) and a "Best Place to Work for LGBTQ Equality" designation. Business practice enhancements implemented in 2020 included the use of gender-neutral language in critical policies; simplified requirements for registration of



domestic partners; extended leave policies to domestic partners; equal health coverage for transgender individuals; and increased efforts to attract, engage and develop LGBTQ employees.



Lean Forward

We celebrate our diversity, communicate authentically and transparently about our progress toward inclusion and continuously look for new ideas to make Carrier a truly inclusive workplace.

In 2020, we launched *_belong*, our diversity and inclusion brand and philosophy.

Carrier is committed to partnering with leading organizations aiming to advance diversity and equality. David Gitlin, Carrier Chairman & Chief Executive Officer, joined more than 1,000 CEOs from leading companies and nonprofit institutions in signing the CEO Action for Diversity & Inclusion pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. We are also a proud member of Paradigm for Parity, a coalition of business leaders dedicated to addressing the corporate leadership gender gap. Carrier has pledged to achieve gender parity in senior leadership roles by 2030.

We work hard to foster an inclusive culture that drives respect, integrity, inclusion, innovation and excellence, while standing against discrimination and inequality in any form. The Governance Committee of our Board of Directors reviews and oversees Carrier's D&I efforts.



CEO **ACTION** FOR
DIVERSITY & INCLUSION



BENEFITS

Carrier is committed to offering competitive benefits programs for all our employees, monitoring new market developments and enhancing our programs when necessary.

The individual plans that make up Carrier's benefits are designed to balance immediate needs, such as paying for healthcare, with a longer-term focus, such as planning for retirement.

In coordination with each country's social welfare system, and in addition to any required local healthcare participation, we may provide additional benefits based on the market competitiveness in that country. We meet all local regulations related to benefits.

In most countries, we offer a company-paid employee assistance program to help employees and their family members deal with life's challenges, including stress, anxiety, depression, marital or family issues, substance abuse, child and elder care solutions, and legal or financial issues.

Additionally, to encourage preventative screenings and healthy behaviors, U.S. employees are eligible for financial rewards in exchange for completion of a health screening/biometric assessment or annual physical. And our group health plan's telemedicine program makes care accessible to plan participants 24/7, wherever they may be.

Carrier is committed to offering market-competitive total rewards – pay and benefits – for all employees, including incentive programs, which serve to reward employees for successful performance against our long-term and short-term financial goals. In 2020, over 40% of our management and professional employees, including executives, were eligible for annual incentive plans, with key metrics and targets aligned to our financial targets.

The following benefits reflect our offerings in the U.S. for salaried and nonunion hourly employees. Benefits vary by region, business alignment, union agreement and employee status:

Healthcare plans

- Medical, dental and vision coverage
- Prescription drug coverage
- Health savings account (HSA)
- Flexible spending account (FSA)

Health and wellness resources

- Health and wellness program with incentives
- Tobacco cessation support
- Tool and resources to compare medical service prices and doctor reviews
- Medical protection for business travelers

Financial benefits and resources

- Retirement savings plan 401(k)
- Retirement investment guidance
- Employee Scholar Program

Life and accident insurance

- Life insurance (basic and supplemental)
- Dependent life insurance
- Accidental death and dismemberment coverage
- Business travel accident coverage

Voluntary benefits

- Accident insurance
- Critical illness insurance
- Auto/home insurance
- Pet insurance
- Legal insurance
- Excess liability insurance

Work/life/time away benefits

- Paid vacation and paid holidays
- Parental leave
- Medical and family leave of absence
- Bereavement leave
- Short- and long-term disability insurance
- Employee assistance and well-being program
- Adoption assistance program
- Service recognition
- Child and elderly backup care programs
- Employee discounts
- Flexible/alternate work options
- Telecommuting options
- Voting time-off policy
- COVID-19 vaccine-related paid time off

COMMUNITIES

Carrier is committed to making the world safer and more comfortable for generations to come. As we innovate to address the planet's most complex challenges, making a positive impact in our communities around the world is core to our purpose. In compliance with our [Philanthropic Donations Policy](#), we bring our unique knowledge and expertise to community areas where we can have the greatest impact.



COMMUNITIES

2030 ESG GOALS



Positively impact communities by enabling access to **safe and healthy indoor environments, alleviating hunger and food waste, and volunteering our time and talent.**



Invest in **science, technology, engineering and math (STEM) education** programs that promote **diversity and inclusion.**



Promote **sustainability** through education, partnerships and climate resiliency programs.

[All 2030 ESG Goals](#) ▶



POSITIVELY IMPACTING COMMUNITIES

Feeding America

As millions of people struggle with food insecurity, we have supported Feeding America through a grant program to help address the increased need for refrigerated transport and storage units for its network of food banks. Our donations to Feeding America benefited eight food banks across three states to help distribute over 20 million pounds of food to those in need in 2020. Our U.S. employees also hosted local food drives that helped provide over 375,000 meals across seven food banks.

Operation Save a Life

Through its Operation Save a Life program, Kidde donated nearly 45,000 alarms throughout 16 cities across the United States in 2020. Since 2002, Kidde has donated more than 1.6 million smoke and carbon monoxide alarms to fire departments to make communities safer.

Habitat for Humanity Healthy Home Build

In 2020, we constructed our first Healthy Home, featuring products from our suite of indoor air quality solutions, including a Carrier Infinity air purifier, evaporator coil ultraviolet lights, a bypass humidifier, and Kidde smoke and carbon monoxide combination alarms.



In 2020, Carrier supported

185+

civic, cultural, economic and social welfare organizations around the world.

We invested over

\$7M

in our communities through cash and in-kind donations,

including nearly

\$800,000

through the Carrier Employee Matching Gifts Program, a dollar-for-dollar charitable donation matching program.

INVESTING IN EDUCATION

HVAC Academy Engagements

Carrier is supporting the next generation of HVAC professionals through donations of equipment and essential materials for educational programs. We are proud to support the Area 31 Career Center at Ben Davis High School in Indianapolis, which has provided more than 1,600 students with HVAC training. And in collaboration with the Education Foundation of Palm Beach County, we awarded a grant to the Royal Palm Beach Community High School's Heating, Ventilation, Air Conditioning and Refrigeration Academy, allowing the academy to secure program supplies and state-of-the-art HVAC equipment for students to gain hands-on practical experience.

Green Shoots Hong Kong

Carrier's Green Shoots program promotes youth development through social inclusion and STEM education awareness. In Hong Kong, Chubb and Carrier hosted a "Super Junior Engineer" event focused on how technologies make the world a more sustainable and safer place to live. As part of this event, our employees explained the design principles and operations of fire safety, security and HVAC systems through virtual classes to a group of students and discussed exciting career opportunities in STEM.



PROMOTING SUSTAINABILITY

United for Air

Eleven of the 12 cities on the World Health Organization's index of cities with the highest particulate matter (PM) pollution rates of PM_{2.5} are in India. We launched our United for Air initiative, to improve air quality in India through awareness, engagement, monitoring and preventive actions.

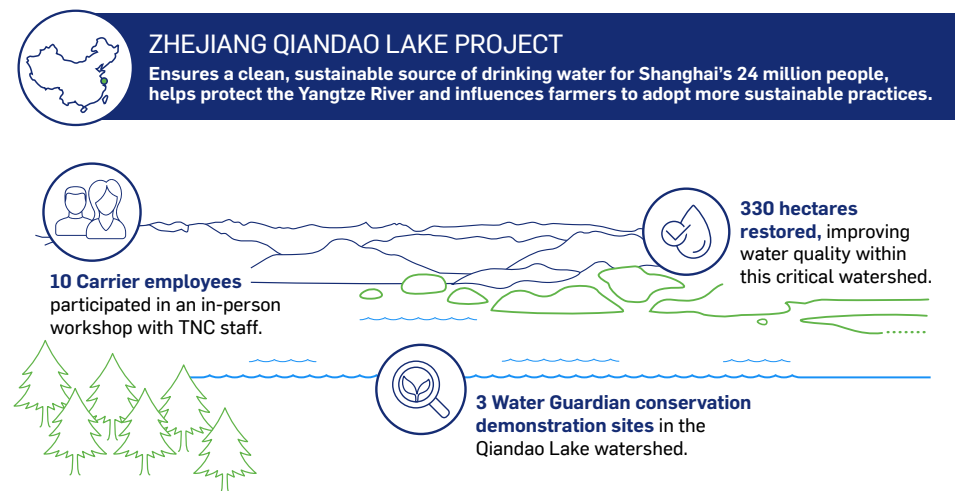
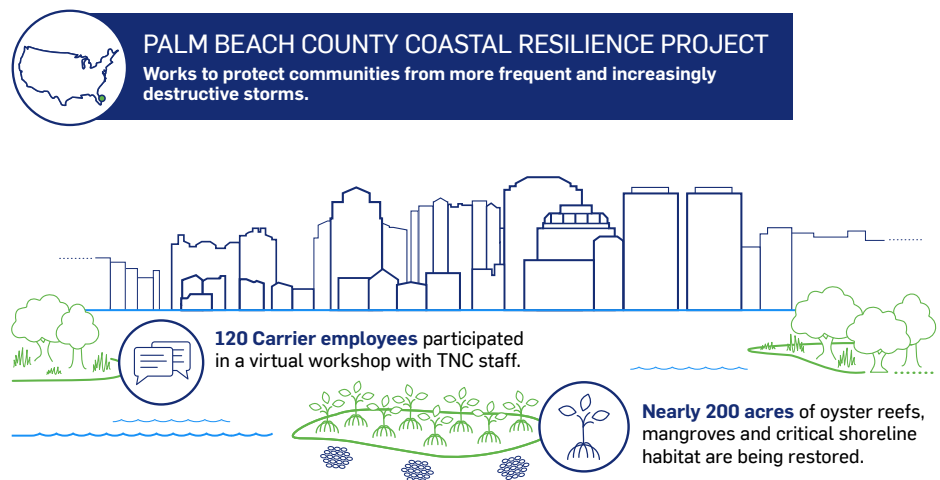
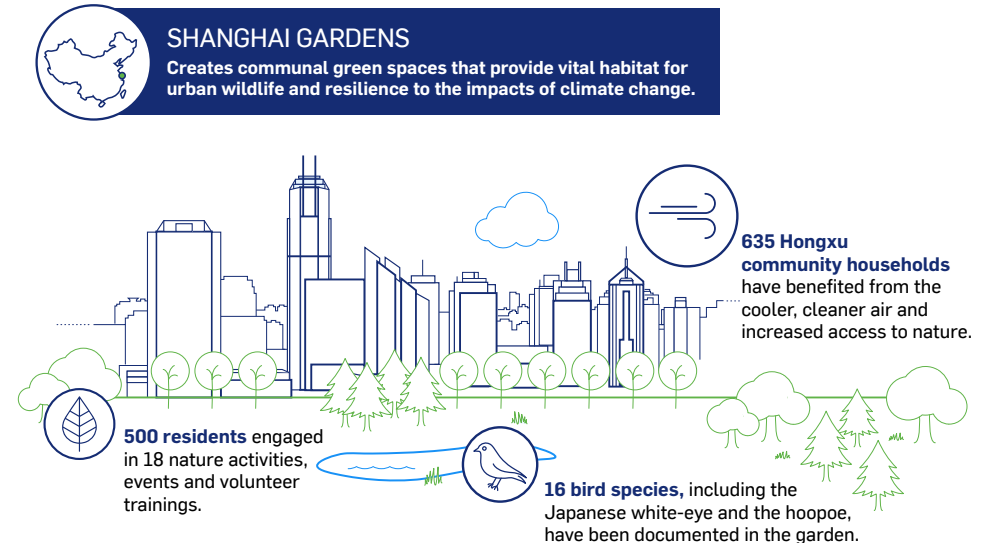
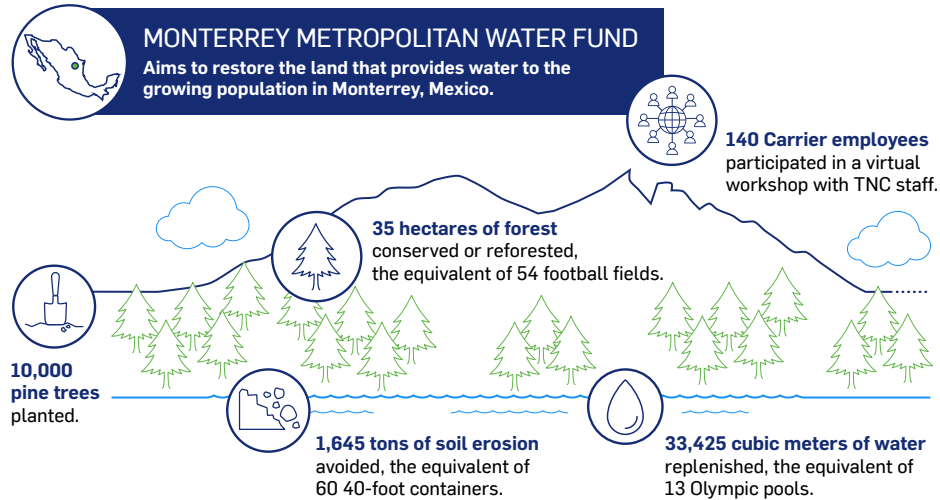
To increase awareness, Carrier installed five air monitors in Gurugram to capture and display PM_{2.5} and PM₁₀ values. And we are engaging with local communities to emphasize individual and community-led solutions in improving overall air quality, such as tree plantings and sessions on waste segregation.

The Nature Conservancy

In 2020, we announced a \$3 million, three-year donation to The Nature Conservancy (TNC), a global organization working to create a world where people and nature can thrive together. Our investment supports The Nature Conservancy's Build Healthy Cities initiative to help cities become more resilient and sustainable. Our employees are helping drive sustainability and climate resiliency in the communities where they live and work. As homes became classrooms, we collaborated with The Nature Conservancy to help students discover the natural world using virtual field trips through Nature Lab, an online curriculum program.

Building Healthy, Climate-resilient Communities

Carrier is proud to support The Nature Conservancy in helping make the cities of tomorrow more resilient, healthy and equitable. Through our multiyear commitment and hands-on employee engagement, The Nature Conservancy has already made amazing progress on projects around the world.



ESG INDICES

Cautionary Statement:

This report 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, estimated costs associated with the Separation, statements with respect to current and future potential implications of corporate social responsibility and sustainability topics and other statements that are not historical facts. 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. 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 report. 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.

ESG Topics

The results of our materiality assessment include the below set of ESG topics, which guide the content of this report and our GRI Standards disclosures.

| Topic | Definition | Boundary | | | Location in Report |
|-------------------------------------|---|----------------------|---------|-----------------------|---|
| | | Upstream (Suppliers) | Carrier | Downstream (Products) | |
| Climate change | Mitigating Carrier's impact on climate change through operational and product impacts, and innovating to support communities' adaptation to life in a changing climate. | | ✓ | ✓ | Solutions, pp. 20-29 Operations, pp. 30-40 Communities, pp. 54-57 |
| Community engagement and investment | Engaging local communities to understand community needs and concerns while minimizing negative impacts from operations; investing time and resources to support community organizations via philanthropy and volunteerism. | | ✓ | ✓ | Communities, pp. 54-57 |
| Corporate governance | Implementing sound corporate governance practices, ensuring the company operates ethically and with integrity while maximizing the long-term interests of stakeholders. | | ✓ | | Governance, pp. 15-19 |
| Cybersecurity and data privacy | Protecting Carrier's intellectual property and data from breaches, and ensuring the privacy and security of employee, supplier and customer data from the use of Carrier products. | | ✓ | ✓ | Governance, pp. 15-19 |
| Diversity and inclusion | Promoting diversity and ensuring a nondiscriminatory hiring process and work environment. | ✓ | ✓ | | People & Culture, pp. 41-53 |
| Environmental responsibility | Minimizing the environmental impact of Carrier's operations and those of our suppliers by acting in accordance with environmental laws and regulations and minimizing our environmental footprint in key areas such as energy and emissions, waste and water. | ✓ | ✓ | | Operations, pp. 30-40 |
| Ethics and compliance | Promoting ethical behavior at Carrier and across our value chain, including compliance with all relevant laws and regulations, engaging in fair and competitive business practices, preventing corruption and bribery, and marketing responsibly. | ✓ | ✓ | | Governance, pp. 15-19 |

| Topic | Definition | Boundary | | | Location in Report |
|---------------------------------|--|----------------------|---------|-----------------------|---|
| | | Upstream (Suppliers) | Carrier | Downstream (Products) | |
| Human and labor rights | Ensuring human rights across Carrier's operations and supply chain, including the topics of forced and child labor, proper working conditions, managing conflict minerals, freedom of association and collective bargaining, and maintaining systems to report labor concerns. | ✓ | ✓ | | Governance, pp. 15-19 Operations, pp. 30-40 People & Culture, pp. 41-53 |
| Innovation and efficiency | Innovating products and services to incorporate sustainable attributes, such as energy efficiency, smart systems/digitization, lifecycle design and cold chain solutions. | | ✓ | ✓ | Solutions, pp. 20-29 |
| Occupational health and safety | Providing Carrier employees a safe working environment, promoting supply chain safety through our vendor qualification and monitoring processes, and promoting workplace safety to customers worldwide through our products. | ✓ | ✓ | ✓ | Operations, pp. 30-40 People & Culture, pp. 41-53 |
| Product safety and quality | Monitoring, managing and reducing negative impacts of Carrier's products while maintaining design and manufacturing policies and practices that ensure high product quality. | | ✓ | ✓ | Operations, pp. 30-40 |
| Stakeholder engagement | Seeking input from – and sharing relevant information with – Carrier's key stakeholders, including engaging with governments to promote informed public policy and providing transparency about public policy participation, maintaining positive relationships with customers and establishing systems to measure satisfaction, and engaging investors around ESG topics. | | ✓ | ✓ | Solutions, pp. 20-29 People & Culture, pp. 41-53 |
| Talent attraction and retention | Attracting, developing and retaining high-quality and engaged talent to maintain a skilled workforce, and adapting to new technology and automation that manufacturing and R&D will require. | | ✓ | | People & Culture, pp. 41-53 |
| Tax transparency | Developing a responsible tax strategy, contributing to government revenues through taxes and providing transparency on taxes paid. | | ✓ | | Form 10 Information Statement |

GRI Content Index

Universal Standard Disclosures

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--|---|------------------------|-------------------------------|-------------------------------|----------------------------|------------------------|----------------------------|----------------------------|------|------------------|---------------------------------|------------------------------------|------------------------------------|--|--|----------|------|------|----------|------|------|--|--|--|------|------------------------|------------------------|------------------------|------------------------|-----|-----|-----|-----|-----|-----|------|------------------------|------------------------|------------------------|------------------------|-----|-----|-----|-----|-----|-----|------|--|--|--|--|--|--|--|-----|-----|-----|
| Organizational Profile | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-1 | Name of organization | Carrier Global Corporation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-2 | Activities, brands, products and services | Form 10 Information Statement, pp. 3-4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-3 | Location of headquarters | Carrier is headquartered in Palm Beach Gardens, Florida, U.S.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-4 | Location of operations | Form 10 Information Statement, p. 27, 32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-5 | Ownership and legal form | Carrier Global Corporation (CARR) is a publicly traded company listed on the New York Stock Exchange. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-6 | Markets served | Form 10 Information Statement, pp. 3-4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-7 | Scale of organization | Carrier Fact Sheet | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-8 | Information on employees and other workers | People & Culture, pp. 41-53 Diversity & Inclusion, pp. 48-52 Carrier has approximately 56,000 employees around the world. | SDG 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th></th> <th>Permanent Employees by Gender</th> <th colspan="3">Global Workforce by Gender</th> <th colspan="3">Global Workforce by Region</th> <th>Women Executives</th> <th>U.S. People of Color Executives</th> <th>U.S. People of Color Professionals</th> </tr> <tr> <th></th> <th></th> <th>Americas</th> <th>EMEA</th> <th>APAC</th> <th>Americas</th> <th>EMEA</th> <th>APAC</th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>27% Female 73% Male</td> <td>32% Female 68% Male</td> <td>21% Female 79% Male</td> <td>28% Female 72% Male</td> <td>34%</td> <td>40%</td> <td>26%</td> <td>31%</td> <td>25%</td> <td>23%</td> </tr> <tr> <td>2019</td> <td>26% Female 74% Male</td> <td>31% Female 69% Male</td> <td>22% Female 78% Male</td> <td>27% Female 73% Male</td> <td>32%</td> <td>43%</td> <td>25%</td> <td>31%</td> <td>20%</td> <td>22%</td> </tr> <tr> <td>2018</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>30%</td> <td>17%</td> <td>21%</td> </tr> </tbody> </table> | | | Permanent Employees by Gender | Global Workforce by Gender | | | Global Workforce by Region | | | Women Executives | U.S. People of Color Executives | U.S. People of Color Professionals | | | Americas | EMEA | APAC | Americas | EMEA | APAC | | | | 2020 | 27% Female 73% Male | 32% Female 68% Male | 21% Female 79% Male | 28% Female 72% Male | 34% | 40% | 26% | 31% | 25% | 23% | 2019 | 26% Female 74% Male | 31% Female 69% Male | 22% Female 78% Male | 27% Female 73% Male | 32% | 43% | 25% | 31% | 20% | 22% | 2018 | | | | | | | | 30% | 17% | 21% |
| | | | | Permanent Employees by Gender | Global Workforce by Gender | | | Global Workforce by Region | | | Women Executives | U.S. People of Color Executives | U.S. People of Color Professionals | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Americas | EMEA | APAC | Americas | EMEA | APAC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2020 | | 27% Female 73% Male | 32% Female 68% Male | 21% Female 79% Male | 28% Female 72% Male | 34% | 40% | 26% | 31% | 25% | 23% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | 26% Female 74% Male | 31% Female 69% Male | 22% Female 78% Male | 27% Female 73% Male | 32% | 43% | 25% | 31% | 20% | 22% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 | | | | | | | | 30% | 17% | 21% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 102-9 | Supply chain | Suppliers Supply Chain, pp. 39-40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102-10 | Significant changes to the organization and its supply chain | Form 10 Information Statement, pp. 31-33 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|-----------------|--------------------------------------|---|--------------|
| 102-11 | Precautionary principle or approach | Carrier 2021 Proxy Statement, p. 24 | |
| 102-12 | External initiatives | <ul style="list-style-type: none"> • CEO Action for Diversity & Inclusion • Science-Based Targets (committed April 2021) • Paradigm for Parity | |
| 102-13 | Memberships of association | <p>Carrier maintains strategic memberships and associations while constantly evaluating opportunities for additional contributions and leadership. Today, we are proud to be a member of several key industry and issue-specific organizations, which include:</p> <ul style="list-style-type: none"> • Air-Conditioning, Heating, and Refrigeration Institute • The Alliance for Responsible Atmospheric Policy • Alliance to Save Energy • American Council for an Energy-Efficient Economy • Business Roundtable • European Partnership for Energy and the Environment • Global Cold Chain Alliance • International WELL Building Institute • National Association of Energy Service Companies • National Association of Manufacturers • RMI • U.S. Green Building Council | |
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | A Message from Our Chairman & Chief Executive Officer, pp. 4-5 | |
| 102-15 | Key impacts, risks and opportunities | Form 10 Information Statement, pp. 10-19 | |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|-----------------------------|--|---|------------------|
| Ethics and Integrity | | | |
| 102-16 | Values, principles, standards and norms of behavior | Strength Through Values Carrier's Ethics and Compliance Culture & Engagement, pp. 43-44 | SDG 16 |
| 102-17 | Mechanisms for advice and concerns about ethics | Carrier's Integrity Line Speaking Up and Reporting, p. 19 | SDG 16 |
| Governance | | | |
| 102-18 | Governance structure | Carrier 2021 Proxy Statement, pp. 20-24 | |
| 102-20 | Executive-level responsibility for economic, environmental and social topics | Carrier 2021 Proxy Statement, p. 24 | |
| 102-21 | Consulting stakeholders on economic, environmental and social topics | Our Stakeholders, p. 12 | SDG 16 |
| 102-22 | Composition of highest governance body and its committees | Carrier 2021 Proxy Statement, pp. 20-24 | SDG 5, SDG 16 |
| 102-23 | Chair of the highest governance body | Corporate Governance | SDG 16 |
| 102-24 | Nominating and selecting the highest governance body | Carrier Corporate Governance Principles, pp. 3-4 | SDG 5, SDG 16 |
| 102-25 | Conflicts of interest | Carrier Corporate Governance Principles, pp. 3-4 | SDG 16 |
| 102-26 | Role of the highest governance body in setting purpose, values and strategy | Carrier 2021 Proxy Statement, pp. 20-24 | |
| 102-27 | Collective knowledge of the highest governance body | Carrier 2021 Proxy Statement, pp. 12-13 | |
| 102-28 | Evaluating the highest governance body's performance | Carrier Corporate Governance Principles, pp. 1-2, 7 | |
| 102-35 | Remuneration policies | Carrier 2021 Proxy Statement, pp. 31-61 | |
| 102-36 | Process for determining remuneration | Carrier 2021 Proxy Statement, pp. 31-61 | |
| 102-37 | Stakeholders involvement in remuneration | Carrier 2021 Proxy Statement, pp. 31-61 | SDG 16 |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|-------------------------------|--|--|--------------|
| Stakeholder Engagement | | | |
| 102-40 | List of stakeholder groups | Our Stakeholders, p. 12 | |
| 102-41 | Collective bargaining agreements | Form 10 Information Statement, pp. 6-7 | SDG 8 |
| 102-42 | Identifying and selecting stakeholders | Materiality Assessment, p. 11 and Our Stakeholders, p. 12 | |
| 102-43 | Approach to stakeholder engagement | Materiality Assessment, p. 11 and Our Stakeholders, p. 12 | |
| 102-44 | Key topics and concerns raised | Materiality Assessment, p. 11 and Our Stakeholders, p. 12 | |
| Reporting Practice | | | |
| 102-45 | Entities included in the consolidated financial statements | Form 10 Information Statement, pp. 31-32 | |
| 102-46 | Defining report content and topic boundaries | Materiality Assessment, p. 11 and Our Stakeholders, p. 12 | |
| 102-47 | List of material topics | Materiality Assessment, p. 11 and Our Stakeholders, p. 12 | |
| 102-48 | Restatements of information | About This Report, p. 3 | |
| 102-49 | Changes in reporting | About This Report, p. 3 | |
| 102-50 | Reporting period | January 1, 2020 - December 31, 2020, except where otherwise noted. | |
| 102-51 | Date of most recent report | Carrier's 2020 ESG Report was published July 27, 2020, and covered performance from January 1, 2019 - December 31, 2019, except where otherwise noted. | |
| 102-52 | Reporting cycle | Annual | |
| 102-53 | Contact point for questions regarding the report | CorporateResponsibility@carrier.com | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | This report has been prepared in accordance with the GRI Standards: Core option. | |
| 102-55 | GRI content index | We publish our GRI content index in our Environmental, Social & Governance Report, starting on p. 61. | |
| 102-56 | External assurance | At this time, Carrier does not have its Environmental, Social & Governance Report externally assured. | |

Topic-Specific Standard Disclosures

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|-----------------------------|--|---|----------------------------|
| Economic Performance | | | |
| 103-1 | Explanation of the material topic and its Boundary | Form 10 Information Statement | |
| 103-2 | The management approach and its components | Form 10 Information Statement | |
| 103-3 | Evaluation of the management approach | Form 10 Information Statement | |
| 201-1 | Direct economic value generated and distributed | Form 10 Information Statement | SDG 2, SDG 5, SDG 7, SDG 9 |
| Anti-Corruption | | | |
| 103-1 | Explanation of the material topic and its Boundary | Carrier's Ethics and Compliance Ethics & Compliance, pp. 17-19 | |
| 103-2 | The management approach and its components | Carrier's Ethics and Compliance Ethics & Compliance, pp. 17-19 | |
| 103-3 | Evaluation of the management approach | Carrier's Ethics and Compliance Ethics & Compliance, pp. 17-19 | |
| 205-1 | Operations assessed for risks related to corruption | Carrier takes a stand against corruption, championing fair and transparent market practices everywhere we do business. Carrier's Code of Ethics | SDG 16 |
| 205-2 | Communication and training about anti-corruption policies and procedures | Carrier's Ethics and Compliance Ethics & Compliance, pp. 17-19 | SDG 16 |
| 205-3 | Confirmed incidents of corruption and actions taken | Carrier strictly prohibits all forms of corruption. In 2020, we know of no incidents or legal cases associated with bribery or corruption which would have a material impact on our company or our stakeholders. All allegations of corruption are investigated thoroughly, fairly and impartially with the objective of identifying actions for continuous improvement. | SDG 16 |
| Materials | | | |
| 103-1 | Explanation of the material topic and its Boundary | Materials, p. 23 | |
| 103-2 | The management approach and its components | Materials, p. 23 | |
| 103-3 | Evaluation of the management approach | Materials, p. 23 | |
| 301-1 | Materials used by weight or volume | Materials, p. 23 | SDG 8, SDG 12 |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs | | |
|-------------------------|--|--|---------------|-------------|---------------|
| Energy | | | | | |
| 103-1 | Explanation of the material topic and its Boundary | Energy and Greenhouse Gas Emissions, p. 33 Energy use is tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. Sites under \$100,000 USD energy procurement are estimated per U.S. Environmental Protection Agency (EPA) emissions factors based on square footage and building type. | | | |
| 103-2 | The management approach and its components | Approach, pp. 10-14 Carrier's Environment, Health & Safety Policy Energy and Greenhouse Gas Emissions, p. 33 | | | |
| 103-3 | Evaluation of the management approach | Energy and Greenhouse Gas Emissions, p. 33 | | | |
| 302-1 | Energy consumption within the organization | Energy Use by Source | | | |
| | | | 2020 | 2019 | 2018 |
| | | Purchased Electricity (MWh) | 433,132 | 455,093 | 457,819 |
| | | Propane (Gallons) | 521,283 | 657,397 | 589,533 |
| | | Natural Gas (Cu Ft) | 1,190,058,694 | 947,176,081 | 1,030,939,355 |
| | | Butane (Gallons) | 125,069 | 74,628 | 37,501 |
| | | Distillate Oil (Gallons) | 28,077 | 47,542 | 44,025 |
| | | #4 Oil Usage (Gallons) | 793 | 1,503 | 1,652 |
| | | Residual Oil Usage (Gallons) | 0 | 0 | 15,087 |
| | | Gasoline Usage (Gallons) | 8,391 | 5,705 | 20,834 |
| | | Diesel Fuel (Gallons) | 115,160 | 172,647 | 159,303 |
| | | Purchased Steam (MMBTU) | 33,914 | 40,388 | 31,195 |
| | | Fleet Vehicle Gasoline (Gallons) | 13,560,015 | 10,617,171 | 11,062,009 |
| | | Self-generated Electricity (MWh) | 333 | n/a | n/a |
| Renewable Sources (MWh) | 1,031 | n/a | n/a | | |

SDG 7,
SDG 8,
SDG 12,
SDG 13

| GRI Standard | Disclosure Language | Carrier 2020 Response | | | | Related SDGs | |
|--------------|--|--|------------------------|-------------|-------------|------------------------------|-------------|
| 302-2 | Energy consumption outside of the organization | Product & Service Lifecycle, pp. 23-25 | | | | | |
| 302-3 | Energy intensity | Energy Intensity | | | | | |
| | | | Unit of Measure | 2020 | 2019 | | 2018 |
| | | Numerator* | GJ | 2,984,176 | 2,816,891 | | 2,894,938 |
| | | Denominator | Million USD Revenue | 17,456 | 18,608 | | 18,914 |
| | Energy Intensity (Ratio) | | 171 | 151 | 153 | | |
| 302-5 | Reductions in energy requirements of products and services | Product & Service Lifecycle, pp. 23-25 | | | | SDG 7, SDG 8, SDG 12, SDG 13 | |
| Water | | | | | | | |
| 103-1 | Explanation of the material topic and its Boundary | Water, p. 34 Water consumption is tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. | | | | | |
| 103-2 | The management approach and its components | Water, p. 34 Carrier's Environment, Health & Safety Policy | | | | | |
| 103-3 | Evaluation of the management approach | Water, p. 34 | | | | | |
| 303-1 | Interactions with water as a shared resource | Water, p. 34 | | | | SDG 6 | |
| 303-2 | Management of water discharge related impacts | Our management system outlines minimum discharge limits for stormwater and industrial discharge that are well below industry standards and regulatory requirements. | | | | SDG 6 | |
| 303-3 | Water withdrawal | Total Water Withdrawal (Thousands of cubic meters) | | | | SDG 6, SDG 8, SDG 12 | |
| | | 2020 | 965 | | | | |
| | | 2019 | 1,135 | | | | |
| | | 2018 | 1,212 | | | | |
| 303-4 | Water discharge | Total Water Discharge (Thousands of cubic meters) | | | | | |
| | | 2020 | 802 | | | | |
| | | 2019 | 896 | | | | |
| | | 2018 | 879 | | | | |

* Factory energy only.

| GRI Standard | Disclosure Language | Carrier 2020 Response | | | | Related SDGs |
|---|--|---|-------------|-------------|-------------|--------------|
| 303-5 | Water consumption | Water Consumption | | | | |
| | | | 2020 | 2019 | 2018 | |
| | | Water Withdrawal (Thousands of cubic meters) | 965 | 1,135 | 1,212 | |
| | | Water Discharge (Thousands of cubic meters) | 802 | 896 | 879 | |
| | | Water Consumption (Thousands of cubic meters) | 163 | 239 | 333 | |
| | | Water Intensity | | | | |
| | | | 2020 | 2019 | 2018 | |
| | | Water Consumption (Gal) | 254,830,489 | 299,707,985 | 320,178,037 | |
| | | Sales (Million USD) | 17,456 | 18,608 | 18,914 | |
| Water Intensity (Gallons of water per million USD in sales) | 14,598 | 16,106 | 16,928 | | | |
| Emissions | | | | | | |
| 103-1 | Explanation of the material topic and its Boundary | Energy and Greenhouse Gas Emissions, p. 33 Greenhouse gas (GHG) emissions are tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. Sites under \$100,000 USD energy procurement are estimated per EPA emissions factors based on square footage and building type. Additionally, our GHG metrics are inclusive of our fleet and service centers globally. Those sites do not report energy, but only report fuel consumption from their fleet vehicles. | | | | |
| 103-2 | The management approach and its components | Approach, pp. 10-14 Solutions, pp. 20-29 Energy and Greenhouse Gas Emissions, p. 33 | | | | |
| 103-3 | Evaluation of the management approach | Energy and Greenhouse Gas Emissions, p. 33 | | | | |

| GRI Standard | Disclosure Language | Carrier 2020 Response | | | | Related SDGs |
|--------------|--|---|-------------|-------------|-------------|---|
| 305-1 | Direct (Scope 1) GHG emissions | Scope 1 Emissions - Metric Tons* | | | | SDG 3, SDG 12, SDG 13, SDG 14, SDG 15 |
| | | 2020 | 193,774 | | | |
| | | 2019 | 186,408 | | | |
| | | 2018 | 195,397 | | | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Scope 2 Emissions - Metric Tons* | | | | SDG 3, SDG 12, SDG 13, SDG 14, SDG 15 |
| | | 2020 | 197,976 | | | |
| | | 2019 | 210,085 | | | |
| | | 2018 | 214,186 | | | |
| 305-3 | Other indirect (Scope 3) GHG emissions | Approach, pp. 10-14 Solutions, pp. 20-29 Energy and Greenhouse Gas Emissions, p. 33 | | | | SDG 3, SDG 12, SDG 13, SDG 14, SDG 15 |
| 305-4 | GHG emissions intensity | GHG Intensity | | | | SDG 3, SDG 12, SDG 13, SDG 14, SDG 15 |
| | | | 2020 | 2019 | 2018 | |
| | | Greenhouse Gas Emissions (Metric tons CO ₂ e, Scope 1 and 2) | 391,750 | 396,492 | 409,371 | |
| | | Sales (Million USD) | 17,456 | 18,608 | 18,914 | |
| | Greenhouse Gas Intensity (Metric tons of GHG per million USD in sales) | 22 | 21 | 22 | | |
| 305-5 | Reduction of GHG emissions | 2020 Goals Results, p. 13 | | | | SDG 3, SDG 12, SDG 13, SDG 14, SDG 15 |

* The GHG emission disclosures for 2018 and 2019 have been updated to reclassify select Scope 2 emissions as Scope 1 emissions. Total GHG emissions for 2019 and 2018 remain unchanged.

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs | | | |
|----------------------------|--|--|--|-------------|------------------------------|-------------|
| Effluents and Waste | | | | | | |
| 103-1 | Explanation of the material topic and its Boundary | Waste and Recycling, p. 35 Waste is tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. | | | | |
| 103-2 | The management approach and its components | Waste and Recycling, p. 35 | | | | |
| 103-3 | Evaluation of the management approach | Waste and Recycling, p. 35 | | | | |
| 306-1 | Water discharge by quality and destination | Our environmental management systems outline minimum limits for storm water and industrial discharge that are well below industry standards and regulatory requirements. | SDG 3, SDG 6, SDG 12, SDG 13, SDG 14, SDG 15 | | | |
| 306-2 | Waste by type and disposal method | Waste by Type and Disposal Method | | | SDG 3, SDG 6, SDG 13, SDG 15 | |
| | | | 2020 | 2019 | | 2018 |
| | | Total Industrial Process Waste (Metric tons) | 60,134 | 62,975 | | 68,340 |
| | | Industrial Waste Recycled (Metric tons) | 57,199 | 59,328 | | 64,584 |
| | | Hazardous Waste Generated (Metric tons) | 1,989 | 2,060 | | 1,773 |
| | | 196 | 325 | 359 | | |
| 306-3 | Significant spills | Carrier has had no significant hazardous waste spill during the reporting period. | SDG 3, SDG 6, SDG 12, SDG 13, SDG 14, SDG 15 | | | |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs | | | |
|-------------------|--|---|-----------------|-----------------|-------------|--|
| Employment | | | | | | |
| 103-1 | Explanation of the material topic and its Boundary | People & Culture, pp. 41-53 | | | | |
| 103-2 | The management approach and its components | People & Culture, pp. 41-53 | | | | |
| 103-3 | Evaluation of the management approach | People & Culture, pp. 41-53 | | | | |
| 401-1 | New employee hires and employee turnover | Global Voluntary Turnover* by Region | | SDG 5, SDG 8 | | |
| | | | 2020 | | 2019 | |
| | | Americas | 11.4% | | 10.3% | |
| | | EMEA | 6.1% | | 6.1% | |
| | | Asia Pacific | 9.0% | | 8.3% | |
| | | Total | 8.7% | | 8.0% | |
| | | Global Voluntary Turnover* by Gender | | | | |
| | | | 2020 | | 2019 | |
| | | Female | 9.7% | | 8.5% | |
| | | Male | 8.0% | | 7.9% | |
| Total | 8.7% | 8.0% | | | | |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Benefits, p. 53 | | | | |
| 401-3 | Parental leave | In 2020, 160 U.S. employees took the maternity/parental leave benefit. 158 of those employees are currently active (99%). | SDG 5, SDG 8 | | | |

* Includes global voluntary turnover for permanent employees; does not include temporary employees.

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs | | |
|---------------------------------------|---|--|-----------------|-------------|--|
| Occupational Health and Safety | | | | | |
| 103-1 | Explanation of the material topic and its Boundary | Health and Safety, pp. 36-37 | | | |
| 103-2 | The management approach and its components | Health and Safety, pp. 36-37 Carrier's Environment, Health & Safety Policy | | | |
| 103-3 | Evaluation of the management approach | Health and Safety, pp. 36-37 | | | |
| 403-1 | Occupational health and safety management system | Health and Safety, pp. 36-37 Carrier's Environment, Health & Safety Policy Sustainable Operations | SDG 8 | | |
| 403-2 | Hazard identification, risk assessment and incident investigation | Health and Safety, pp. 36-37 Carrier's Environment, Health & Safety Policy | SDG 3, SDG 8 | | |
| 403-3 | Occupational health services | Health and Safety, pp. 36-37 Carrier's Environment, Health & Safety Policy | SDG 3, SDG 8 | | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | Health and Safety, pp. 36-37 Carrier's Environment, Health & Safety Policy | SDG 8 | | |
| 403-5 | Worker training on occupational health and safety | Health and Safety, pp. 36-37 Carrier's Environment, Health & Safety Policy | | | |
| 403-8 | Workers covered by an occupational health and safety management system | All Carrier employees are covered by an occupational health and safety management system. 37% of Carrier's global manufacturing facilities hold ISO 14001-registered environmental management systems. 14% maintain OHSAS 18001, with plans to convert these to ISO 45001. | | | |
| 403-9 | Work-related injuries | Health and Safety, pp. 36-37 | | | |
| | | Fatalities | | | |
| | | | 2020 | 2019 | |
| | | Employee | 0 | 1 | |
| | Contractor | 1 | 1 | | |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|--|--|---|---------------------|
| Training and Education | | | |
| 103-1 | Explanation of the material topic and its Boundary | People & Culture, pp. 41-53 | |
| 103-2 | The management approach and its components | People & Culture, pp. 41-53 | |
| 103-3 | Evaluation of the management approach | People & Culture, pp. 41-53 | |
| 404-1 | Average hours of training per year per employee | Carrier offers nearly 40,000 different classroom, live-virtual and online self-paced training courses to employees through the Carrier Learning Portal, our learning management system. | SDG 4, SDG 5, SDG 8 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Development & Career Progression, pp. 45-47 | SDG 8 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Development & Career Progression, pp. 45-47 | SDG 5, SDG 8 |
| Diversity and Equal Opportunity | | | |
| 103-1 | Explanation of the material topic and its Boundary | Diversity & Inclusion, pp. 48-52 | |
| 103-2 | The management approach and its components | Diversity & Inclusion, pp. 48-52 | |
| 103-3 | Evaluation of the management approach | Diversity & Inclusion, pp. 48-52 | |
| 405-1 | Diversity of governance bodies and employees | People & Culture, pp. 41-53 Diversity & Inclusion, pp. 48-52 See response to 102-8 | SDG 5, SDG 8 |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|---|--|---|----------------------|
| Non-Discrimination | | | |
| 103-1 | Explanation of the material topic and its Boundary | Diversity & Inclusion, pp. 48-52 | |
| 103-2 | The management approach and its components | Diversity & Inclusion, pp. 48-52 | |
| 103-3 | Evaluation of the management approach | Diversity & Inclusion, pp. 48-52 | |
| 406-1 | Incidents of discrimination and corrective actions taken | Carrier's Human Rights Policy | SDG 5, SDG 8, SDG 16 |
| Freedom of Association and Collective Bargaining | | | |
| 103-1 | Explanation of the material topic and its Boundary | Carrier's Human Rights Policy | |
| 103-2 | The management approach and its components | Carrier's Human Rights Policy | |
| 103-3 | Evaluation of the management approach | Carrier's Human Rights Policy | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Carrier's Human Rights Policy Carrier's Supplier Code of Conduct | SDG 8 |
| Child Labor | | | |
| 103-1 | Explanation of the material topic and its Boundary | Carrier's Human Rights Policy | |
| 103-2 | The management approach and its components | Carrier's Human Rights Policy | |
| 103-3 | Evaluation of the management approach | Carrier's Human Rights Policy | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | Carrier's Human Rights Policy Carrier's Supplier Code of Conduct Carrier's Human Trafficking Policy Statement California Transparency In Supply Chains Act | SDG 8, SDG 16 |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|-----------------------------------|--|---|-----------------|
| Forced or Compulsory Labor | | | |
| 103-1 | Explanation of the material topic and its Boundary | Carrier's Human Rights Policy | |
| 103-2 | The management approach and its components | Carrier's Human Rights Policy | |
| 103-3 | Evaluation of the management approach | Carrier's Human Rights Policy | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Carrier's Human Rights Policy Carrier's Supplier Code of Conduct Human Trafficking Policy Statement California Transparency In Supply Chains Act | SDG 8 |
| Human Rights Assessment | | | |
| 103-1 | Explanation of the material topic and its Boundary | Carrier's Human Rights Policy | |
| 103-2 | The management approach and its components | Carrier's Human Rights Policy | |
| 103-3 | Evaluation of the management approach | Carrier's Human Rights Policy | |
| 412-2 | Employee training on human rights policies or procedures | Anti-Corruption and Fair Competition, pp. 17-18 | |
| Local Communities | | | |
| 103-1 | Explanation of the material topic and its Boundary | Communities, pp. 54-57 | |
| 103-2 | The management approach and its components | Communities, pp. 54-57 | |
| 103-3 | Evaluation of the management approach | Communities, pp. 54-57 | |
| 413-1 | Operations with local community engagement, impact assessments and development programs | Communities, pp. 54-57 Our Communities | |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | Communities, pp. 54-57 Our Communities | SDG 1, SDG 2 |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|-----------------------------------|--|---|----------------------|
| Supplier Social Assessment | | | |
| 103-1 | Explanation of the material topic and its Boundary | Supply Chain, pp. 39-40 | |
| 103-2 | The management approach and its components | Supply Chain, pp. 39-40 | |
| 103-3 | Evaluation of the management approach | Supply Chain, pp. 39-40 | |
| 414-1 | New suppliers that were screened using social criteria | Carrier's Supplier Code of Conduct Human Trafficking Policy Statement California Transparency In Supply Chains Act | SDG 5, SDG 8, SDG 16 |
| Public Policy | | | |
| 103-1 | Explanation of the material topic and its Boundary | Carrier 2021 Proxy Statement, p. 25 Carrier's Government Relations Policy Carrier's Government Relations Standard Work Policy | |
| 103-2 | The management approach and its components | Carrier 2021 Proxy Statement, p. 25 Carrier's Government Relations Policy Carrier's Government Relations Standard Work Policy | |
| 103-3 | Evaluation of the management approach | Carrier 2021 Proxy Statement, p. 25 Carrier's Government Relations Policy Carrier's Government Relations Standard Work Policy | |
| 415-1 | Political contributions | Carrier 2021 Proxy Statement, p. 25 Carrier's Government Relations Policy Carrier's Government Relations Standard Work Policy | SDG 16 |

| GRI Standard | Disclosure Language | Carrier 2020 Response | Related SDGs |
|-----------------------------------|--|---|--------------|
| Customer Health and Safety | | | |
| 103-1 | Explanation of the material topic and its Boundary | Product Safety & Quality, pp. 38-39 | |
| 103-2 | The management approach and its components | Product Safety & Quality, pp. 38-39 | |
| 103-3 | Evaluation of the management approach | Product Safety & Quality, pp. 38-39 | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Carrier's Product Integrity Policy | |
| Innovation and Efficiency | | | |
| 103-1 | Explanation of the material topic and its Boundary | Solutions, pp. 20-29 | |
| 103-2 | The management approach and its components | Solutions, pp. 20-29 | |
| 103-3 | Evaluation of the management approach | Solutions, pp. 20-29 | |
| Topic-Specific Indicator | Avoided greenhouse gas emissions as a result of the installation of high-efficiency Carrier air conditioning, heating and refrigeration systems by customers | Solutions for Energy Efficiency and Emissions Reductions, p. 24 | |

SASB Disclosure

| Topic | Accounting Metric | Category | Code | Carrier Metric or Qualitative Disclosure | Carrier 2020 Response |
|------------------------------|--|-------------------------|--------------|---|---|
| Energy Management | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable | Quantitative | RT-EE-130a.1 | MWh | See response for GRI 302-1 |
| Hazardous Waste Management | Amount of hazardous waste generated, percentage recycled | Quantitative | RT-EE-150a.1 | Metric Tons, Percentage | See response for GRI 302-2 |
| | Number and aggregate quantity of reportable spills, quantity recovered | Quantitative | RT-EE-150a.2 | Number | See response for GRI 302-3 |
| Materials Sourcing | Description of the management of risks associated with the use of critical materials | Discussion and Analysis | RT-EE-440a.1 | Discussion and analysis linked in Response column | Form 10 Information Statement, p. 15 |
| Product Lifecycle Management | Percentage of eligible products, by revenue, that meet Energy Star criteria | Quantitative | RT-EE-410a.2 | Percent by revenue | 43% of Carrier's residential air conditioner, heat pump, furnace and small package product revenue is generated from Energy Star qualified products. |
| Business Ethics | Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior | Discussion and Analysis | RT-EE-510a.1 | Discussion and analysis linked in Response column | Ethics & Compliance, pp. 17-19 Carrier's Ethics and Compliance Carrier's Code of Ethics Antitrust Compliance Program Anti-Corruption Policy |
| | Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption | Quantitative | RT-EE-510a.2 | Number | In 2020, we know of no incidents or legal cases associated with bribery or corruption which would have a material impact on our company or our stakeholders. |
| | Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations | Quantitative | RT-EE-510a.3 | Number | In 2020, there are no incidents or legal cases associated with anti-competitive behavior regulations which would have a material impact on our company or our stakeholders. |

TCFD Disclosure

| TCFD Disclosure | Our Progress | Reference |
|---|---|--|
| Governance | | |
| 1) Describe the board's oversight of climate-related risks and opportunities. | The Governance Committee of the Board of Directors reviews and monitors actions related to climate risks and opportunities. | Carrier 2021 Proxy Statement |
| 2) Describe management's role in assessing and managing climate-related risks and opportunities. | The ESG Steering Committee is a formal team of cross-functional leaders responsible for driving ESG performance, including our sustainability and climate change commitments, throughout the company. The Steering Committee regularly engages with the Executive Leadership Team as well as the Board of Directors to report progress. | Sustainability Governance, p. 17 |
| Strategy | | |
| 3) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term. | The effects of climate change, including extreme weather conditions, create financial risks to our business. 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. 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. There is a general consensus that greenhouse gas (GHG) emissions are linked to climate change, and that these emissions must be reduced dramatically to avert its worst effects. As a result, 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 (which are essential to many of our products); (2) increase building energy efficiency; and (3) cause a shift away from the use of fossil fuels as an energy source. In some instances, these requirements may render our existing technology, particularly some of our HVAC and refrigeration products, noncompliant or obsolete. 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 reflect our investments in new product development. The inconsistent international, regional and/or national requirements associated with climate change regulations also create economic and regulatory uncertainty. There is also regulatory and budgetary uncertainty associated with government incentives, which, if discontinued, could adversely impact the demand for energy-efficient buildings and could increase costs of compliance. | Form 10 Information Statement 2021 CDP Response |
| 4) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. | Demand for our HVAC products and services is influenced by weather conditions and seasonality. Demand for our HVAC products and services, representing our largest segment by sales, is seasonal and affected by the weather. Historically, cooler-than-normal summers depress sales of our replacement air conditioning products and services, and warmer-than-normal winters have the same effect on our heating products. Historically, sales to residential HVAC customers tend to be higher in the second and third quarters of the year because, in the U.S. and other Northern Hemisphere regions, spring and summer are the peak seasons for sales of air conditioning systems and services. In these circumstances, the results of any quarterly period may not be indicative of expected results for a full year, and unusual weather patterns or events could positively or negatively affect our business and impact overall results of operations. As temperatures rise due to climate change, we expect sales to increase. | Form 10 Information Statement 2021 CDP Response |
| 5) Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario. | We respond to climate risk through continuous product innovation to ensure our products align with global and regional regulatory standards. We are committed to making the world safer, sustainable and more comfortable for generations to come. Building on our vision to create solutions that matter for people and our planet, we are targeting carbon neutrality across our operations by 2030 and aiming to reduce our customers' carbon footprint by more than 1 gigaton. This will be supported by planned investments of more than \$2 billion over the next 10 years toward the development of healthier, safer, more sustainable and more intelligent solutions. | 2021 CDP Response |

| TCFD Disclosure | Our Progress | Reference |
|---|--|-------------------|
| Risk Management | | |
| 6) Describe the organization's processes for identifying and assessing climate-related risks. | We integrate climate-related risk identification, assessment and management processes within our enterprise risk management (ERM) program and disclosure controls and 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. | 2021 CDP Response |
| 7) Describe the organization's processes for managing climate-related risks. | We underwent a climate-related scenario analysis to identify risks and opportunities and assess the company's resiliency. This climate-scenario analysis is used to inform our business strategy. Climate scenarios and time horizons were based on Intergovernmental Panel on Climate Change guidance to illustrate the potential pathways and outcomes at each time horizon. Risks were assessed and prioritized using the enterprise risk management rating system and validated by a cross-functional team composed of executives in supply chain; environment, health and safety; legal; finance; government relations; engineering and sustainability. The group assessed prioritized risks for likelihood and consequence under each scenario and used them to inform the company's climate strategy. | 2021 CDP Response |
| 8) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management. | We integrate climate-related risk identification, assessment and management processes within our ERM program and DC&P. Climate-related risks are identified, assessed and mitigated annually through our ERM program. | 2021 CDP Response |
| Metrics & Targets | | |
| 9) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | Climate-related metrics are listed as part of our 2020 Goals Results, p. 13. | 2021 CDP Response |
| 10) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks. | GHG emission metrics are listed as part of our 2020 Goals Results, p. 13. | 2021 CDP Response |
| 11) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | Emissions targets and key performance indicators are listed as part of our 2020 Goals Results, p. 13. | 2021 CDP Response |



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