



SECTION 4:

Global Ethics & Compliance Program

- A. SUMMARY
- B. POLICY
- C. RESPONSIBILITIES
- D. DEFINITIONS
- E. REFERENCES



A. SUMMARY

1. **Carrier** is committed to the highest standards of ethics and compliance. This commitment is reflected in our Code of Ethics (“Code”), which goes beyond what is required by the law and reflects our core values. The Code is the foundation for everything we do, driving us to act in a manner consistent with the highest standards of business ethics. In so doing, we promote both our products and values everywhere we do business, giving us a competitive advantage in the marketplace.
2. **Carrier** expects full compliance with our Code and all applicable laws and regulations, in all places, all of the time. Our commitment is manifest by this Policy, the Corporate Policy Manual, and our Financial Manual, which set forth our rules for governance in certain key compliance areas. We will proactively identify our legal, ethics and regulatory risks and requirements, create programs to comply with such requirements, develop systems and controls to better ensure compliance, use technology to manage and promote our programs, and educate people to ensure they know and understand what is expected of them, and how to behave in a manner consistent with all laws and our Code. Then, in a systematic manner, we will self-assess, audit, and verify compliance, while also driving continuous improvement.
3. **Carrier** will identify, understand, and appropriately manage the risks of its businesses.

B. POLICY

This policy applies to **Carrier**. The procedures and requirements to implement this policy are set forth in the Carrier Procedures and Standard Work Instructions (CPSW) section referenced in paragraph D.

1. **Carrier** will comply with all laws and regulations applicable to its businesses worldwide.
2. **Carrier** will comply with and effectively maintain its Code, which serves as the foundation for **Carrier’s** ethical culture and compliance program. The Code shall be reviewed periodically as part of a process of continuous improvement.
3. **Carrier** will adopt and implement policies and procedures that outline and assign compliance responsibilities, internal controls, audit practices, and other applicable rules. These policies and procedures shall be designed, in part, to prevent and detect violations of applicable laws, company policy, and the Code.
4. **Carrier** will implement and maintain an effective enterprise risk management (“ERM”) program to be conducted across **Carrier** that is designed to identify risks



that may affect achievement of its objectives and to manage those risks inclusive of ethics and compliance risks within its risk tolerance. The ERM program is a continuous process that shall not only identify risks, but also include development and implementation of effective risk mitigation plans. Enterprise risks will be identified and managed by Segment, Reporting Unit and Sub-Reporting Unit management and by the functional departments at Corporate.

5. Carrier will deploy an ethics and compliance training program for all directors, officers, employees, onsite contractors and, where appropriate, third-parties, and will establish a training and communications strategy. Training shall be developed specifically for target audiences, addressing subjects based on identified risks and local needs. Training and communication shall be made available in as many languages as practicable.
6. Carrier will enforce its Code, policies, and procedures fairly and effectively. It will establish clear and fair disciplinary procedures, which shall be executed reliably, promptly and consistently across the enterprise. Carrier will establish procedures for recognizing and rewarding ethical behavior, to include making ethics and compliance part of the hiring, performance evaluation, and promotion process, and improving career paths for those persons committed to ethics and compliance careers. Carrier will not provide substantial authority to any individual who has engaged in illegal activities or other conduct inconsistent with Carrier's high standard of ethics and compliance
7. Carrier will maintain an effective reporting program to facilitate the anonymous (if the user so chooses) and confidential reporting of suspected violations of law, regulation, or company policy. Carrier will investigate all such allegations fairly, promptly and effectively and take appropriate disciplinary and corrective actions as may be required.
8. Carrier will monitor and audit its business activity to detect violations of applicable laws, company policy and the Code, and will periodically assess the effectiveness of its ethics and compliance program.
9. Carrier will maintain an effective anti-retaliation program, intended to promote open and honest communications, encourage reporting of wrongdoing, and to prevent even the appearance of retaliation against both those who report in good faith their ethics and compliance concerns, and those who cooperate with or participate in the investigation of such matters.
10. Carrier will implement a risk-based third-party compliance program designed to detect and prevent collusion, Corrupt Payments, and other illegal or unethical conduct. This program will include pre-retention screening and post-retention training and monitoring of prospective and existing third-parties identified as presenting appreciable compliance risk.



11. Carrier will effectively apply due diligence processes in advance of any merger, acquisition or other significant corporate investment or transaction and develop and implement robust integration plans. Carrier will extend the Code and its policies and procedures to all newly acquired controlled entities and, to the extent appropriate, to non-controlled acquired entities and other third-parties.

C. RESPONSIBILITIES

1. The Carrier Board of Directors ("Board") shall adopt and approve the Code and all revisions thereto. Senior management and the Board shall promote a culture of ethics and compliance consistent with the Code that flows down through the entire organization and governs how Carrier does business.
2. Oversight and implementation of Carrier's ethics and compliance program shall be vested in the Carrier Vice President, Global Ethics & Compliance. The Vice President, Global Ethics & Compliance shall report to the Carrier Senior Vice President, Chief Legal Officer and shall have an independent, dotted-line reporting relationship to the Audit Committee ("Audit Committee") of the Board. Carrier senior management shall ensure that the Vice President, Global Ethics & Compliance is provided adequate staffing and resources to develop and implement an effective ethics and compliance program.
3. The chief executive of each Reporting Unit will establish and maintain an internal control program and resources sufficient to ensure compliance with all applicable laws and regulations as well as the Code and all Carrier policies and requirements.
4. The President of each Reporting Unit will establish and maintain an internal control program and resources sufficient to ensure compliance with all applicable laws and regulations as well as the Code and all Carrier policies and requirements.
5. In addition to financial and operational audits conducted by Carrier Internal Audit Division (IAD), the Vice President, IAD will perform or provide for, under the direction and supervision of Vice President, Global Ethics & Compliance or his/her designee, periodic audits of compliance programs and high-risk transactions at Carrier businesses sufficient to detect violations of policy and to provide Carrier management reasonable assurance that internal control programs are adequate.

D. DEFINITIONS

All capitalized terms not defined in this policy are defined in CPM 1: Governance & Definitions.



E. REFERENCES

CPSW-4A: Global Ethics & Compliance Program

CPM 1: Governance & Definitions

CPM 16: Enterprise Risk Management