



# **SECTION 1:**

## **Governance & Definitions**

---

- A. SUMMARY
- B. APPLICABILITY
- C. DEFINITIONS
- D. PROCEDURE FOR ISSUANCE OR REVISION
- E. COMPLIANCE WITH APPLICABLE LAW
- F. OWNERSHIP & APPROVAL
- G. REFERENCES
  - a. EXHIBIT 1: GLOBAL COMPLIANCE GLOSSARY



## A. SUMMARY

Carrier's success depends upon ensuring that the actions of its directors, officers, employees and representatives all over the world are in full compliance with the letter and spirit of all applicable laws and regulations as well as Carrier's Code of Ethics (the "Code"). The purpose of the Carrier's Corporate Policy Manual ("CPM") is to establish critical policies and procedures designed to help ensure such compliance. This policy sets forth the applicability, governance and procedures for issuance and revision of all policies contained in the CPM. This policy also defines frequently used terms.

## B. APPLICABILITY

All policies contained in the CPM along with any manuals, processes, procedures, standard work or sub-policies whether referenced in the CPM or issued as standalone Carrier Procedures & Standard Work ("CPSW") shall apply to Carrier (as defined below); and all directors, officers, and/or employees of Carrier, as well as any third party which has expressly acknowledged or agreed to comply with any or all CPMs or CPSW. Unless expressly stated otherwise, all references to executive officer positions in the CPM or any CPSW refer to officers of Carrier Global Corporation ("Carrier Global"), and not any subsidiary or division thereof. Newly acquired businesses, sites and/or operations shall implement the CPM and all CPSW as per the approved integration plan.

The current and enforceable version of all CPM policies and CPSW shall be maintained in Carrier's [ePolicy](#) application.

## C. DEFINITIONS

The following definitions are hereby incorporated by reference in the CPM and all CPSW. Additional definitions primarily used in specific CPM policies and CPSW issued by the Carrier Legal Department may be found in [Exhibit 1: Compliance Glossary](#). To the extent any of these terms are used in any section of the CPM or any CPSW and are not defined in specific CPM or CPSW they shall be deemed to have the meaning set forth below. In the event of a conflict the definition contained in the specific CPM policy or CPSW shall control.

Carrier or the Company – shall mean Carrier Global together with its Segments, Reporting Units and Sub-Reporting Units, and all worldwide divisions, operating businesses and entities for which it has operational responsibility, so long as they



are controlled by Carrier and/or its controlled affiliates. Unless the context indicates otherwise, references to Carrier include all its directors, officers, employees and onsite leased labor.

Carrier Board of Directors, Board of Directors or the Board – shall mean the Board of Directors of Carrier Global Corporation.

Carrier Legal Counsel – An attorney performing legal work within the Carrier Legal Department, whether at the Carrier World Headquarters (“WHQ”) or one of its Segments, Reporting Units or Sub-Reporting Units.

Carrier Executive Committee – shall be comprised of Carrier’s Chief Executive Officer, Carrier’s CFO and Carrier’s CLO.

Carrier Executive Leadership Team or Carrier ELT – shall be comprised of Carrier’s Chief Executive Officer and all Carrier employees reporting directly to the CEO.

CEO – shall mean the Carrier’s Chief Executive Officer.

CFO – shall mean the Carrier Senior Vice President, Chief Financial Officer.

CHRO – shall mean the Carrier Senior Vice President, Chief Human Resources Officer.

CLO – shall mean the Carrier Senior Vice President, Chief Legal Officer.

CTO – shall mean the Carrier Senior Vice President and Chief Digital Officer.

Control – means the power, directly or indirectly, to:

- vote more than 50% of an entity’s securities having voting power to appoint members of the entity’s governance body; or
- direct or cause the direction of an entity’s day-to-day business decisions and policies, whether through the ownership of voting securities, by contract, or otherwise.

Corporate – shall refer to the Carrier Corporate office comprised of WHQ functional departments, leadership and staff as opposed to Segment, Reporting Unit and Sub-Reporting unit leadership and staff.

DT – shall refer to the Digital Technology Function (formerly known as IT).

Function or Functional – shall refer to a functional organization (e.g. HR, Legal, etc.) within WHQ, a Segment or Reporting Unit.



Product or Service – Any product manufactured by Carrier, sold by Carrier or branded under a Carrier owned brand, or a service provided by Carrier, including installation, maintenance or repair.

Reporting Unit – A business or operating entity reporting directly to a Segment (e.g. Commercial HVAC, Residential HVAC, Fire & Security Products, Chubb, and Refrigeration).

Reporting Unit Counsel – The lead attorney in the Reporting Unit.

SEC – The U.S. Securities and Exchange Commission.

Segment – Refers to a group of one or more businesses and/or legal entities identified as a segment for SEC reporting purposes. As of the date of initial issuance of this policy three Segments have been recognized - HVAC, Fire & Security and Refrigeration.

Segment Counsel – The lead attorney in the Segment.

Sub-Reporting Unit – A business or operating entity reporting to a Reporting Unit or Carrier WHQ (e.g. CCR, Truck Trailer Americas, HVAC NA Field Service, Kidde, LenelS2).

Sub-Reporting Unit Counsel – The lead attorney in the Sub-Reporting Unit.

WHQ – Carrier World Headquarters.

Please [Exhibit 1](#) for additional definitions in the [Global Compliance Glossary](#).

**D. ISSUANCE OR REVISION OF CPM**

A request for issuance, deletion, or revision of policies contained in the CPM may originate from anywhere in Carrier; however, drafting of the policy or any revision as well as final approval authority rests with the Carrier WHQ department responsible for the policy an identified in the table below:

CPM Title	CPM No.	Responsible Carrier WHQ Department
Governance & Definitions	1	Legal & Compliance
Environmental Health & Safety	2	Operations
Product & Services Integrity	3	Operations/Product Safety
Global Ethics & Compliance Program	4	Legal & Compliance



Antitrust Compliance Program	5	Legal & Compliance
Physical & Electronic Security	6	Legal & Compliance
Conflict of Interest	7	Legal & Compliance
Anti-Corruption Program	8	Legal & Compliance
International Trade Compliance	9	Legal & Compliance
Intellectual Property	10	Legal & Compliance
Philanthropic Donations	11	Communications
Government Relations	12	Legal & Compliance
Investor Relations/SEC	13	Legal & Compliance
Corporate Governance/Records	14	Legal & Compliance
Mergers, Acquisitions & Divestitures	15	Corporate Development
Enterprise Risk Management	16	Legal & Compliance
Engineering	17	Engineering
Finance	18	Finance
Human Resources	19	Human Resources
Customer Contracting	20	Legal & Compliance
Procurement	21	Operations
Marketing & Communications	22	Communications
Digital Technology	23	Digital Technology
Privacy Compliance Program	24	Legal & Compliance
Product Cybersecurity	25	Engineering
Manufacturing & Logistics	26	Operations
Flight Operations	27	Legal & Compliance
Human Rights Policy	28	Human Resources/Legal & Compliance

In the event of a policy issuance or revision, the responsible Carrier WHQ department must consult with the Carrier Legal Department to identify and obtain any required approvals (e.g. Executive Committee, Board of Directors) prior to publishing any new or revised CPM.



Unless other approvals are first required, upon approval by the executive leader of the functional WHQ department with responsibility for the policy, the policy will be considered final and will be effective when published on Carrier's [ePolicy](#) application.

All policies will be reviewed as needed, and at least every four years following their issuance.

The format for corporate policies is provided as Exhibit 2.

## **E. COMPLIANCE WITH APPLICABLE LAW**

To the extent compliance with any section of the CPM or any related CPSW would violate any applicable law or regulation in a particular jurisdiction, such CPM and/or CPSW shall be either modified or deemed not to apply in such jurisdiction to the minimum extent necessary to ensure compliance with such laws or regulations.

## **F. OWNERSHIP & APPROVAL**

The Vice President, Global Compliance is the owner of this policy.

## **G. REFERENCES**

All referenced CPM and CPSW can be retrieved from [ePolicy](#).

Exhibit 1 – Global Compliance Glossary

Exhibit 2 – Forma for Corporate Policies

CPSW-1A: Carrier Procedures & Standard Work Governance

Carrier Corporate Policy Manual (all)

Carrier Procedures & Standard Work (all)



EXHIBIT 1

GLOBAL COMPLIANCE GLOSSARY

Capitalized terms used herein but not defined have the meanings ascribed to them in CPM 1: Applicability and Governance

DEFINITIONS

**Affiliate** means an **Entity**:

- that exercises **Control** over the referenced **Entity**; or
- over which the referenced **Entity** exercises **Control**; or
- that, together with the referenced **Entity**, is under common control of another **Entity**.

**Anything of Value** means any tangible or intangible thing of value including, without limitation, goods, services **Cash**, **Business Gifts**, **Employment**, **Offset Agreement**, **Offset Transaction**, **Philanthropic Donation**, **Political Contribution**, or **Sponsored Travel**.

**Books and Records** means any and all documents created and maintained by or on behalf of an **Entity** to record and represent the **Entity's** business affairs and transactions including, without limitation, accounts, books, journals, ledgers, financial statements, contracts and similar instruments, invoices, payments, and receipts as well as any internal approvals or authorizations and supporting documents related to any of the foregoing. The term **Books and Records** is intentionally defined to encompass the full range of documents recording and representing **Carrier's** business affairs and shall be interpreted as broadly as the context requires to promote the purposes of this Policy.

**Business Analysis** means analysis of one or more of **Carrier's** competitors and studies of potential acquisitions, divestitures, joint ventures, or other business combinations.

**Business Analyst** means a **Vendor** selected or retained to furnish **Business Analysis**.



**Business Gift** means anything of value offered or given by or on behalf of **Carrier** to any **Third Party** where full consideration (i.e., money or item of equivalent fair market value) is not received in return. **Business Gifts** include, without limitation, tangible goods (e.g., souvenirs, memorabilia, **Promotional Items**, etc.), hospitalities (e.g., food and beverage consumed during business meetings or events), privileges (e.g., memberships), and social activities (e.g., cultural and sporting events, golf, other forms of entertainment, etc.) whether or not hosted at **Carrier** facilities, as well as **Sponsored Travel**.

**Business Purpose** means activities, conduct, or events directly related to:

- promotion, demonstration, or explanation of Carrier products or services;
- negotiation and execution of contracts for the sale thereof
- activities, conduct, or events required to support the foregoing (e.g., meetings between senior executives or contract negotiation teams, inspections of Carrier manufacturing/installation sites, testing of or training related to Carrier products and services, etc.)

**Carrier PAC** means the Carrier Global Corporation Federal Political Action Committee.

**Cash** means the following, in any amount:

- legal currency or tender of any kind (including holiday/festival red envelopes/packets);
- cash equivalents; i.e., instruments and items that are:
- readily convertible to cash (e.g., checks, travelers' checks, bearer instruments, notes, and similar instruments);
- exchanged as de facto currency or as part of fungible exchange or re-gifting practices (e.g., tangible or intangible (digital) pre-paid gift/shopping cards or coupons (including mooncake coupons) and cigarettes (other than for immediate consumption)); or securities (e.g., equity or debt instruments of any kind).

**Collection** means activities (e.g., verbal/written communications, legal process, etc.) to recover trade account receivables or other monies due and owing to **Carrier** by any **Third Party** including, without limitation, any **Customer** or **Government**.





**Collection Agency** means a **Vendor** selected or retained to furnish **Collection**.

**Conflict of Interest** means a circumstance or set of circumstances where a Carrier director, officer, or employee has not acted or may not act solely in the best interests of Carrier due to an actual or potential conflict between his or her official duties owed to the company and his or her individual interests including, without limitation, those arising from personal relationships, personal gain, financial investments, or services rendered or obligations owed to third parties.

**Consultant** means a **Vendor** selected or retained to furnish **Consulting**.

**Consulting** means advisory or analytical services generally of a professional or technical nature, including opinions and reports, but excluding **Lobbying** or **U.S. Government Marketing, U.S. Government Sales**, or other marketing/promotion of Carrier products or services

**Contingent Compensation** (also known as commission) means compensation to a **Sales Intermediary** in a **Direct Sales Transaction** in the form of either a fixed percentage of the net sales price of the products/services sold or a fixed/flat monetary amount, that is conditional in obligation and payment upon consummation by Carrier of the **Direct Sales Transaction** and receipt by Carrier of all or part of the net sales price, respectively.

**Control** means the power, directly or indirectly, to:

- vote more than 50% of an **Entity's** securities having voting power to appoint members of the **Entity's** governance body; or
- direct or cause the direction of an **Entity's** day-to-day business decisions and policies, whether through the ownership of voting securities, by contract, or otherwise.

**Corrupt Payment** (also known as corruption, bribery or bribe) means any **Facilitating Payment**, or **Anything of Value** authorized, offered, promised, or provided, directly or



indirectly, to improperly influence an official or business act or to secure any improper advantage. **Corrupt Payment** excludes any **Anything of Value** provided in response to a bona-fide extortionate demand by a **Third Party** which places a **Carrier** employee under imminent threat of physical harm.

**Customer** means any **Third Party** that purchases and uses or consumes Carrier products or services.

**Customer Requested** means a **Philanthropic Donation** that is requested: (1) by or for the benefit of a **Customer** or an **Affiliate** thereof/**Related Party** thereto; (2) on behalf of a **Customer** by a **Distributor** or **Non-Employee Sales Representative**; or (3) in furtherance of an existing or prospective **Customer** relationship or related to a transaction for the sale of Carrier products or services.

**Customs Broker** means a **Vendor** selected or retained to furnish **Customs Services**.

**Customs Services** means those activities involving transactions with customs officials or other **Government** agencies to import and/or export goods to and/or from, and/or transport goods across boundaries within, a country in connection with Carrier business. Such activities include, but are not limited to, preparation and submission of documents; classification and valuation of goods; payment of duties, taxes or other charges; and clearance of goods into the importing country and/or out of the exporting country, or internal jurisdiction, in accordance with applicable **Government** requirements.

**Designated Recipient Organization** means any **Recipient Organization**:

- that is a **Government**;
- in which a **Government Official** or any **Related Party** of any **Government Official** holds an ownership or senior management position, or is otherwise able to influence its marketing, grant solicitation, management, or operations;
- not readily classifiable under applicable law or regulation as a U.S. Internal Revenue Code Section 501(c)(3) **Entity** or its non-U.S. equivalent; or
- designated by VP GEC.

**Designated Visitor** means any visitor who is a citizen or national of a country designated by the **Carrier Corporate** Vice President, Global Ethics and Compliance.



**Direct Sale Transaction(s)** means a contract for sale of Carrier products or services between Carrier and a **Customer**.

**Distributor** means any existing or prospective **Vendor** that has not been granted an exception or exemption, and is selected or retained to undertake an **Indirect Sale Transaction** regardless of whether or not such **Entity**:

- holds themselves or itself out as being in the business of **Indirect Sales Transactions** or the like on behalf of Carrier or others; or
- has acted or is acting in a different capacity (e.g., **NSR**, other **Vendor**) on behalf of Carrier or others.

For clarity, the intention is to govern those **Vendors** engaging in **Indirect Sale Transactions** and who have a primary duty of care and loyalty (arising by contract or otherwise) to Carrier. Accordingly, **Distributor** excludes, in addition to any **Vendors** granted an exception or exemption, **Third Party** commercial retailers (e.g., “big-box” or department stores, retail outlets) that re-sell to the general public at-large, as well as general contractors that purchase products (Carrier and non-Carrier) for the purpose of resale to **Customers** on the basis of competitive bid or selection.

**Eligible Recipient Organization** means a “not-for-profit” **Entity** (i.e., U.S. Internal Revenue Code Section 501(c)(3) or its non-U.S. equivalent) that has as its primary mission and operational focus the management of programs with a **Philanthropic Purpose** and a demonstrated record of integrity and effectiveness in discharging such programs.

**Employment** means the hire or retention of an individual as a:

- Carrier employee (including, without limitation, as a full-time, part-time, temporary, leased employee, or intern, whether or not compensated);
- **Vendor** (including, without limitation, as a **Consultant, Distributor, Lobbyist, Non-Employee Sales Representative** (including those furnishing **U.S. Government Marketing** or **U.S. Government Sales**) or other **Service Vendor**); or
- employee or contractor of a **Vendor** who will:
  - be hired or retained by the **Vendor** at the request of Carrier; or
  - who will provide services related to Carrier business or affairs.



**Entity** means any corporation, limited liability company, partnership, sole proprietorship, trust, or similar entity, or other organization, whether or not “for-profit.”

**Exempted Philanthropic Donation** means a **Philanthropic Donation** in the form of either volunteer services by Carrier employees or in-kind donations directly from Carrier of de minimus value (e.g., backpacks, books, common medicines, instructional booklets, reading glasses, school supplies, textbooks, etc.) to special groups in need (e.g., school children, elderly, infirm, or ill).

**Facilitating Payment** means **Anything of Value** authorized, offered, promised, or provided to a **Government Official** for the purpose of securing or expediting the performance of a **Routine Government Action**. **Facilitating Payment** excludes a fee paid to a **Government** department, ministry, agency, or bureau in accordance with published guidelines, procedures, or regulations that expressly authorize the performance or expedition of a **Routine Government Action** upon receipt thereof.

**Field Contractor** means an existing or prospective **Vendor** selected or retained to furnish **Field Services**.

**Field Services** means any of following (partial or complete) with respect to goods, equipment, or products offered for sale or sold to, or serviced or maintained for, **Third Parties** by Carrier, and not otherwise owned and operated by Carrier:

- installation (including hoisting, rigging, positioning);
- certifying, commissioning or testing;
- maintenance, repair, or overhaul;
- modification or modernization;
- de-certifying or de-commissioning;
- dis-assembly, scrapping, or teardown; or
- related aftermarket or post-sale services, including ancillary works at project or jobsites to facilitate any of the foregoing.

**GGR** means the Carrier Global Government Relations office.



**Government** means any:

- government, U.S. or non-U.S., whether at the national, regional, local, or municipal level;
- **Government Aviation Authority (GAA)**;
- airline owned or operated by a government;
- **Entity** acting in an official capacity on behalf of a government;
- **Entity**, company, or business in which the government exerts **Control**;
- political party;
- public international organization (e.g., United Nations, World Bank, World Trade Organization, International Civil Aviation Organization, etc.); or
- department, agency, subdivision, or instrumentality of any of the foregoing.

**Government Incentive/Tax Advocate** means a **Vendor** selected or retained to furnish **Government Incentive/Tax Advocacy**.

**Government Incentive/Tax Advocacy** means activities undertaken to obtain tax or other economic incentives furnished by, or recover tax credits, rebates, or refunds from, any **Government**.

**Government Official** means any employee, officer, director (whether elected or appointed), contractor, consultant, or representative hired/engaged by or authorized to act for or on behalf of a **Government** or any candidate for any position therein.

**Government Requested** means a **Philanthropic Donation** that is requested: (1) by or for the benefit of a U.S. state/local or non-U.S. **Government** or U.S. state/local or non-U.S. **Government Official**, or any Affiliate thereof/Related Party thereto; (2) on behalf a U.S. state/local or non-U.S. Government or U.S. state/local or non-U.S. **Government Official** by a **Distributor**, **Lobbyist**, or **Non-Employee Sales Representative**; (3) in furtherance of an existing or prospective relationship with a U.S. state/local or non-U.S. **Government** or U.S. state/local or non-U.S. **Government Official** or related to a **Government Transaction**.

**Government Transaction** means: (a) a transaction involving the sale of Carrier products or services to any: (i) U.S. state/local or non-U.S. **Government** or **Government Official**; or (ii) to any **Entity**, company, business, agency, or instrumentality in which a U.S. state/local or non-U.S. **Government** owns more than a



50% interest or exercises **Control** (in cases where the U.S. state/local or non-U.S. **Government** owns an interest equal to 50% or less, the lead counsel/designee of the Reporting Unit (Reporting Unit initiated requests) or VP GEC (Corporate initiated requests) shall determine whether the transaction constitutes a **Government Transaction**); or (b) legislative, regulatory, or other action or forbearance by a US state/local or non-U.S. Government affecting Carrier affairs.

**High-Level U.S. Federal Government Employee** means any **U.S. Federal Government Employee** who is/was a:

- military officer of flag rank (O-7 and above);
- political appointee (regardless of salary level); or
- other senior official (including appointed or career Senior Executive Service (“SES”) official) compensated at rate consistent with pay levels V-I of the Executive Schedule<sup>1</sup>.

**Higher Risk Services** means any or all of the following services:

- **Collection**
- **Customs Services**
- **Immigration Services**
- **Services** of an individual who is a current or former **Government Official**
- **Government Incentive/Tax Advocacy**
- Travel Services in connection with Sponsored Travel.

**Higher Risk Service Vendor** means a **Vendor** selected or retained to furnish **Higher Risk Services**.

**Immigration Assistance** means any written correspondence (e.g., invitation letters), communications, or representations provided by Carrier to immigration authorities or other agencies of **Government**, whether directly or indirectly through any **Immigration Vendor**, to assist any **Third Party** to obtain authorization(s) (e.g., passport, travel authorizations, exit and/or entry visa) to leave the origin country and/or to enter the destination country in connection with activities related to existing or prospective Carrier business or regulatory affairs.

<sup>1</sup> The U.S. Office of Personnel Management publishes [salary tables](#). For CY 2019, Executive Schedule pay rates range from \$156,000 for Level V to \$213,600 for Level I.



**Immigration Services** means activities undertaken to obtain necessary authorizations from immigration authorities or other agencies of **Government** for an individual to exit his/her country of origin or to enter and conduct certain activities within another country in connection with existing or prospective Carrier business or regulatory affairs including, without limitation, **Immigration Assistance**.

**Immigration Vendor** means a **Vendor** selected or retained to furnish **Immigration Services**.

**Independent Contractor** means a **Services Vendor** who contracts directly with Carrier to provide **Services** but is not an employee of Carrier. **Independent Contractors** (including **Consultants**) are not placed at Carrier through a **Third Party** staffing agency or leasing organization. **Independent Contractors** are not paid from a Carrier payroll and, as a matter of law and Carrier policy, are not considered employees or “common law employees” so long as they are properly classified. **Independent Contractors** are not entitled to participate in Carrier programs, attend employee-only functions or otherwise be provided perquisites traditionally limited to employees.

**Indirect Sale Transaction(s)** means a contract for sale of Carrier products between Carrier and a **Sales Intermediary** with the intent or result that such **Sales Intermediary** takes title to such products for the purpose of resale (whether or not on its own account) to a **Customer**.

**Individual Service Vendor** means a **Service Vendor** in which a single individual exerts **Control** or furnishes the **Services** offered or provided (e.g., sole proprietorship or single-member corporation, limited liability company, or partnership).

**Leased Employee** means an individual, often referred to as an “agency temporary”, who is employed by a **Third Party** staffing agency to provide **Services** to Carrier pursuant to an agreement with the staffing agency. **Leased Employees** include individuals retained from CDI, Manpower, Kelly or similar temporary staffing organizations. **Leased Employees** are not entitled to participate in Carrier employee benefits programs. Carrier does not incur payroll tax obligations for **Leased Employees** who are properly classified, because the staffing agency will be responsible for this.



**Lobbying** means any:

- contact or communication (written or verbal) by or on behalf of Carrier with any **Government** or **Government Official**, or an **Affiliate** of or **Related Party** thereto, for the purpose of advocacy on legislative, regulatory, or policy matters or programs (including the negotiation, award, or administration of a U.S. federal **Government** permit or license) including, without limitation, contact or communication with any:
  - members or staff of the U.S. Congress;
  - the President, Vice President or political appointees in the U.S. executive branch;
  - general or flag officers in the U.S. military;
  - U.S. state/local government legislatures or agencies with regard to legislation, regulations, treaties, policies or programs (including negotiation, award, or administration of a permit or license);
  - other activity that falls within the definition of lobbying or a lobbyist under any U.S. (federal, state/local) or non-U.S. laws or regulations, and the individual or firm undertaking such activities is expected to discharge obligations (e.g., registration, reporting, etc.) in accordance with such laws or regulations.

The determining factor is the nature of contacts, communications, and activities to be undertaken, not the status or affiliation of the individual or firm; **Vendors** other than **Lobbyists** may be deemed to have engaged in **Lobbying** if undertaking one or more of the foregoing activities.

**Lobbyist** means an existing or prospective **Vendor** selected or retained by Carrier to furnish **Lobbying**.

**Material Change** means, with respect to a **Sales Intermediary**, any change in:

**Control**;

- ownership in excess of 10% that, in the opinion of BU Representative or BU legal counsel, increases compliance risk and warrants additional due diligence;
- other fact or circumstance that, in the opinion of the BU Representative or legal counsel, materially increases the compliance risk; or





- for the purposes of required Corporate approvals, any amendment to a Sales Intermediary Agreement previously approved by Corporate that increases either the compliance risk or compensation from that previously approved.

**Nominal Value** means a **Value** of ≤USD50 as adjusted for purchasing power parity.

**Non-Employee Sales Representative (NSR)** means any existing or prospective **Vendor** that has not been granted a block exemption and is selected or retained to assist **Carrier** in identifying and securing a **Direct Sale Transaction, Offset Agreement, or Offset Transaction**, or to provide **U.S. Government Marketing or U.S. Government Sales**, in each case in exchange for compensation (in any amount, form, or manner), regardless of whether or not such **Entity**:

- holds themselves or itself out as being a **NSR**, or as being in the business of identifying and securing **Direct Sale Transactions or Offset Transactions** or providing **U.S. Government Marketing or U.S. Government Sales** or the like, on behalf of Carrier or others; or
- has acted, or is acting, in a different capacity (e.g., **Distributor, Vendor**) on behalf of Carrier or others.

**Outsourcing** means a situation where Carrier determines it will contract all or part of an existing Carrier managed **Service** to a **Third Party** (such as the IT outsourcing to DXC). This may or may not include a transition of Carrier employees to the contracting company.

**Philanthropic Donation** means a donation of funds, property, products, and services by or on behalf of Carrier for a **Philanthropic Purpose**.

**Philanthropic Purpose** means undertakings intended to benefit, ameliorate, or uplift human-kind at-large (either mentally, morally, or physically) that are recognized by Section 501(c)(3) of the U.S. Internal Revenue Code and for which full consideration is not expected or received in return.

**Political Contribution** means financial or other support by or on behalf of Carrier (including via a **Carrier Political Action Committee (PAC)**) to any candidate for **Government** office (whether elected or appointed) or to any political party or similar



**Entity** organized for the purpose of furthering political advocacy or candidate for **Government** office, in each case within or outside the U.S.

**Prohibited Recipients** means any:

- individual (including, without limitation, any **Customer** representative or **Government Official**) other than in-kind **Exempted Philanthropic Donations**;
- “for profit” **Entity**;
- **Entity** supported primarily (i.e., greater than 50%) by taxes (excepting **Philanthropic Donations** to publicly-funded educational institutions);
- political party or other **Entity** engaged primarily in promoting candidates for office or in political advocacy;
- religious organization (excepting **Philanthropic Donations** to religious organization supporting one or more Carrier approved causes made available by such organization to members and non-members alike);
- **Entity** (or principals or known **Affiliates** thereof) that is a denied or restricted party on any **Government**-issued watch list or appears in any **Operating Unit’s Rejected Vendor File** or that is the alter-ego of a **Vendor** therein.

**Promotional Items** means any tangible good, typically not exceeding **Nominal Value**, bearing the name or logo of Carrier (or any Carrier owned brand – for example, Kidde) or its products or services (e.g., models, apparel, business or office paraphernalia (e.g., coffee cups, paper pads, pens, portfolios), plaques or other commemorative items, and sports paraphernalia, etc.).

**Recipient Organization** means any **Third Party** that is receiving or is requested to receive a **Philanthropic Donation**.

**Rehired Retiree** means an individual who is collecting a pension benefit under one of Carrier’s retirement plans and who wishes to return to work at Carrier, in most cases, for a short-term assignment, or on a part-time basis. All retirees who return to work on Carrier payroll who are scheduled to work (or actually work) more than forty (40) hours per month should be provided with a suspension of benefits notification. This gives them the opportunity to elect to suspend pension payments.



**Rejected Vendor File** means a file maintained by the Reporting Unit (or Sub-Reporting Unit as applicable) of all **Vendors** rejected or terminated for cause by the particular unit.

**Related Party** means, with regard to:

- an individual, an immediate or extended family member of such individual including, without limitation, parents, siblings, spouses, uncles, aunts, nephews, and nieces;
- an **Entity**, an **Affiliate** of such **Entity**.

**Routine Governmental Action** means an action or approval that a **Government Official** is duty-bound to perform or provide as a matter of law without discretion.

**Sales Intermediary** is either a **Distributor** or a **Non-Employee Sales Representative (NSR)**.

**Service(s)** means the time and effort of a **Vendor** whose primary purpose is to perform an identifiable task rather than to furnish an end item of goods or supplies; but specifically excluding legal services purchased by the Carrier Legal Department (e.g. retaining outside counsel).

**Sponsored Travel** means any **Immigration Assistance**, accommodations for overnight stay or sleep in any form (e.g., hotel, motel, inn, etc.), or transportation in any form (e.g., ground or air) offered or provided to any **Third Party** in connection with existing or prospective Carrier business or regulatory affairs; provided that **Sponsored Travel** does not include **Immigration Assistance**, accommodations, or transportation offered or provided to a prospective Carrier employee or **Vendor** in connection with the interviewing or procurement process or to existing **Vendors** (including **Consultants**, **Distributors**, and **Non-Employee Sales Representatives**) in connection with internal business meetings or as a form of compensation or reimbursement authorized by **Carrier** policy and/or a written contract between Carrier and the **Vendor**.

**Tax Consultant** means a **Vendor** selected or retained to furnish **Tax Consultancy**.



**Tax Consultancy** means tax planning, preparation and filings for tax returns, audit services related to **Government** tax audits, disputes, or investigations, and related consulting/advice.

**Tax Services** means **Government Incentive/Tax Advocacy** or **Tax Consultancy**, as applicable.

**Territory Fee(s)** means the amount payable to a **Sales Intermediary** in the event that Carrier undertakes a **Direct Sale Transaction** or **Indirect Sale Transaction** in a specified territory in violation of an exclusivity provision in a **Sales Intermediary Agreement** or applicable law.

**Third Party** means, with regard to:

- an individual, any individual that is not an employee of Carrier or any **Affiliate** of Carrier;
- an **Entity**, any **Entity** that is not Carrier or an **Affiliate** of Carrier (for clarity, for the purposes of this Policy, Carrier joint venture partners and **Vendors**, and their respective **Affiliates**, are **Third Parties**).

**Travel Agency** means an existing or prospective **Vendor** selected or retained to furnish **Travel Services**.

**Travel Provider(s)** means an **Entity** in the business of directly furnishing accommodations for overnight stay in any form (e.g., hotel, motel, inn, etc.), or transportation in any form (e.g., ground or air).

**Travel Services** means the arranging (e.g., logistics, payment) of lodging or travel for Carrier employees or in connection with **Sponsored Travel**.

**Unfair Competitive Advantage** means that a contractor competing for award of any U.S. federal or U.S. state/local **Government** contract possesses either:

- proprietary information obtained without proper authorization from an officer or representative of such **Government**; or



- source selection information relevant to the contract but not available to all competitors, and such information would assist the contractor in obtaining the contract.

**U.S. Federal Government Employee** means any:

- enlisted person of the armed forces of the U.S. federal **Government**;
- officer of the armed forces of the U.S. federal **Government**; or
- officer or employee (elected or appointed, full or part-time, whether or not compensated) of the executive or legislative branches of the U.S. federal **Government** including, without limitation:
  - special government employees;
  - members of federal advisory committees;
  - elected officers of Congress;
  - current/former members of Congress;
  - personal staff of a member of Congress;
  - employees of committees of Congress; or
  - employees of other legislative offices including, without limitation:
    - Congressional Budget Office;
    - General Accounting Office; or
    - Office of Technology Assessment;
    - but excluding clerical, secretarial, or other similarly-graded employees.

**U.S. Federal Government Requested** and **U.S. Federal Government Transaction** means **Government Requested** or **Government Transaction**, respectively, but involving the U.S. federal **Government** or a U.S. federal **Government Official**.

**U.S. Government Marketing** means assistance furnished by a **Vendor** to **Carrier** related to the preparation of an offer by Carrier for a U.S. federal or U.S. state/local **Government** contract or subcontract that is predominantly in the form of advice and information, and **Vendor** contacts with **Customers** and **Government Officials** are limited and in the presence of Carrier employees, such as:

- development or identification of business opportunities;
- development or review of Carrier marketing plans or strategies;
- identification of procurement requirements; or
- preparation of bids or proposals, including participation in a “red-team” review.



**U.S. Government Marketing** excludes **U.S. Government Sales**.

**U.S. Government Sales** means assistance furnished by a **Vendor** to **Carrier** related to the preparation, submission, and negotiation of an offer by Carrier for a U.S. federal or U.S. state/local **Government** contract or subcontract as well as the execution and performance thereof that may also include **U.S. Government Marketing** but is predominantly in the form of sales activity, and **Vendor** contacts with **Customers** and **Government Officials** are regular and outside of the presence of Carrier employees, such as:

- promotion, marketing, or selling Carrier products or services;
- contacting on behalf of Carrier, any **Customer** or **Government Official**; or
- contacting or appearing before on behalf of Carrier an officer or employee of any:
- U.S. federal agency, a member of U.S. Congress, an officer or employee of U.S. Congress, or an employee of a member of U.S. Congress in connection with the award, extension, continuation, renewal, amendment, or modification of a federal contract, grant, loan, or cooperative agreement (this type of activity is regulated under the Lobbying Disclosure Act, 2 U.S.C. §1601 et seq. and the "Byrd Amendment", 31 U.S.C. §1352, and FAR Subpart 3.8);
- agency, legislature, or governing body of a U.S. state, local/municipal Government for similar purposes.

**Value** means

- the actual (e.g., donation of funds) or estimated fair market value (e.g., donation of property, products, or services) of a particular **Philanthropic Donation**; or
- the actual or estimated fair market value of the proposed **Sponsored Travel**. The **Value** of all **Sponsored Travel** underwritten in connection with a single visit by any visitor must be aggregated to correctly assess reasonableness; or
- the actual or estimated fair market value of a particular **Business Gift**. All **Value** amounts specified for **Business Gifts** in this Policy are "per-person" limits. The **Value** of all **Business Gifts** given or received in connection with a single event or function must be aggregated to correctly calculate reasonableness and the applicable "per-person" limit under this Policy. For example, cocktails, dinner, and theatre tickets provided to an individual in one evening which, individually, are less than **Nominal Value** but, in the aggregate, exceed **Nominal Value**, shall be deemed as exceeding **Nominal Value** for the purposes of this Policy.