



# **STANDARD WORK 12A:**

## **Government Relations Procedures & Requirements**

---

- A. RU REPRESENTATIVES RESIDENT IN GGR OFFICES
- B. STATEMENTS ON SIGNIFICANT PUBLIC POLICY ISSUES
- C. LOBBYING & LOBBYISTS
- D. VISITS OF ELECTED OFFICIALS & POLITICAL CANDIDATES TO CARRIER FACILITIES
- E. POLITICAL ACTIVITY BY THE COMPANY
- F. POLITICAL ACTIVITY & REPORTING BY DIRECTORS, OFFICERS, AND EMPLOYEES
- G. POLITICAL CONTRIBUTIONS
- H. COST ALLOWABILITY
- I. AUDIT



Capitalized terms used but not defined in this CPSW–12A shall have the meanings set forth in Carrier Corporate Policy Manual Sections 1 and 12.

#### **A. RU REPRESENTATIVES RESIDENT IN GGR OFFICES**

**VP GGR** shall oversee and coordinate the activities of Carrier and RU representatives based in Washington D.C. and other offices performing activities bearing on Carrier's legislative, regulatory and policy interests. RU representatives shall report directly to their respective RU supervisors but have a dotted-line relationship to **VP GGR**. This relationship includes approval by **VP GGR** of candidate RU representatives

#### **B. STATEMENTS ON SIGNIFICANT PUBLIC POLICY ISSUES**

All external statements intended to represent Carrier's official position on significant domestic, foreign, or international public policy issues (e.g., environmental, energy, or tax policy, international disputes, and Government spending) shall be approved in advance by **VP GGR** (or designee) and **SVP CLO** (or designee). Sufficient advance notice of the proposed statement shall be provided to enable **GGR** and Carrier Legal to account for the interests of relevant stakeholders (e.g., Carrier, RU, shareowners, and employees) that are or could be affected by the issue and statement. Such statements include, but are not limited to: Carrier support for or affiliation with an industry association letter or study on a public policy; comments to be made on a public policy in a speech or at an industry conference; and comments on a public policy to be made to the media. If **GGR** and Carrier Legal determine that there are conflicting corporate interests within Carrier with respect to a particular public policy issue, efforts will be made with all the relevant stakeholders to reconcile such interests and identify a unified Carrier position. If the conflicting interests cannot be reconciled, **VP GGR** will brief Carrier's Chief Executive Officer (or designee), who shall determine Carrier's position on the public policy issue.



**C. LOBBYING AND LOBBYISTS**

1. All **Lobbying** (undertaken by Carrier employees or **Lobbyists**) shall be coordinated with **GGR** and approved in advance as follows:

PROPOSED LOBBYING	ADVANCE APPROVAL <sup>1</sup>
<ul style="list-style-type: none"> <li>▪ Executive or legislative branches of U.S. <b>Government</b> (federal, state/local)</li> <li>▪ U.S. federal <b>Government</b> administrative agencies (e.g., U.S. Department of Energy, International Trade Commission, etc.)</li> <li>▪ Non-U.S. <b>Governments</b></li> <li>▪ <b>Government Officials</b> (U.S., non-U.S., elected or appointed)</li> <li>▪ Officials of quasi-<b>Government</b> agencies (e.g., economic development agencies) for the purpose of negotiating economic assistance or incentives or rebates or the like for Carrier</li> <li>▪ Industry or trade association advocacy on behalf of Carrier regarding significant domestic, foreign, or international public policy matters before U.S. or non-U.S. <b>Governments</b></li> <li>▪ Grassroot organizations or the pursuit of grassroots efforts involving new or pending legislative, regulatory, contract, or policy matters <i>or</i></li> <li>▪ Electioneering, issue advertising, or similar political communications or support, whether directly or indirectly through organizations such as trade associations, philanthropic organizations, or other entities (e.g., so-called “527” or “501(c)(4) organizations).</li> </ul>	<p><b>VP GGR / designee</b></p>
<ul style="list-style-type: none"> <li>▪ Witten or oral testimony to U.S. Congress or other legislative or administrative bodies of any <b>Government</b> (U.S. federal or state/local, or non-U.S.)</li> </ul>	<p><b>VP GGR / designee</b> <b>SVP CLO / designee</b></p>

2. All **Lobbyists** shall be selected, screened, retained, monitored, and managed in strict conformity with [CPM 8 and related procedures](#).
3. Carrier and the RUs are responsible for coordinating with the **GGR** regarding their compliance with applicable U.S. (federal and state/local) and non-U.S. **Government** registration, disclosure, and reporting obligations, including the following:

---

<sup>1</sup> These approval requirements do not apply to contacts or communications that do not bear directly on the **Carrier's** advocacy of legislative, regulatory, or policy matters (e.g., communications related to the performance of contracts, grants, or permits; responses to **Government** subpoenas or other legal process; or contacts with industry associations regarding matters of common interest to the association's field of membership).



- a. The Honest Leadership & Open Government Act of 2007, Public Law No. 110-81 (“HLOGA”) requires registration and reporting by any person (including any Carrier employee or Lobbyist) who engages in Lobbying with the U.S. federal **Government**. Registration and disclosure are not required for individuals who spend less than 20% of their time on **Lobbying**.
- b. **Lobbying** and related registration and reporting requirements at the U.S. state/local level vary by jurisdiction. Inquiries should be directed to **VP GGR/designee**, before engaging in **Lobbying** or engaging the services of a **Lobbyist** for U.S. state/local advocacy.
- c. Non-US Lobbying must comply with local registration and reporting requirements.

#### **D. VISITS OF ELECTED OFFICIALS AND POLITICAL CANDIDATES TO CARRIER FACILITIES**

1. All visits to Carrier facilities by **Government Officials** require advance approval of **VP GGR/designee** and Carrier Legal Counsel; however, such visits are prohibited within sixty (60) days of election day for **Government Officials** seeking election, re-election, or election to a different office (whether as incumbents or non-incumbents). Exceptions to this prohibition may be made in rare circumstances and require advance approval of **VP GGR/designee** and Carrier Legal.
2. Visits to Carrier facilities by **Government Officials** for the purpose of campaigning for public office (whether as incumbents or non-incumbents) are highly discouraged because they are strictly regulated by U.S. and non-U.S. laws and require equal accommodation (i.e., if one candidate for a particular office is permitted to campaign at a Carrier facility, all candidates for the same office requesting a campaign visit must also be permitted). Accordingly, all visits to Carrier facilities by **Government Officials** for the purpose (in whole or in part) of campaigning for public office (whether as incumbents or non-incumbents) require advance approval of **VP GGR/designee** and Carrier Legal. For clarity, campaigning includes, without limitation, distributing literature, soliciting financial support, or statements by either the candidate or Carrier representatives that advocate support in any election.
3. All visits authorized by or approved pursuant to Sections D(1) and (2) require advance coordination with **GGR** and compliance with facility regulations regarding access, security, photographs, etc.



## E. POLITICAL ACTIVITY BY THE COMPANY

1. Carrier and its employees have a legitimate interest in participating in public policy debates. Carrier's government relations initiatives are intended to educate and inform officials and the public on a broad range of public policy issues that are important to its businesses and consistent with the best interests of its shareowners— whether at the local, state or federal level in the United States, or with foreign governments and international governmental organizations. These initiatives shall be consistent with the interests of Carrier's shareowners, and not be based on the personal agendas of individual directors, officers, or employees.
2. U.S. law allows Carrier to solicit its "restricted class" of employees to make (on a voluntary basis) private political contributions in their personal capacities to candidates for U.S. federal office, federal and political party organizations, as well as to the **Carrier PAC**. Carrier narrowly defines its "restricted class" to directors, officers, executives (Level E1-E5), Level M4-M7 and Level P4-P7 employees who are U.S. citizens or permanent resident aliens. Proposed solicitations of private political contributions to **Carrier PAC** require advance approval of **VP GGR's** designee and Carrier Legal. All solicitations of individual contributions to political parties and candidates require advance approval by **VP GGR** and **SVP CLO**.
3. **Carrier PAC**, which is entirely funded by voluntary contributions, is non-partisan. It contributes to candidates and national political organizations supportive of Carrier's corporate business interests and public policy goals, regardless of political party. The bylaws of **Carrier PAC** provide basic organizational material and incorporate Federal Election Commission regulations. A Steering Committee meets bi-annually to review candidates and approve contributions. The Steering Committee considers the following factors in deciding the timing and amount of contributions to candidates:
  - The candidate's views (and voting record, in the case of incumbents) on issues critical to Carrier's success;
  - The presence of Carrier facilities in the candidate's district;
  - The congressional committees on which the legislator serves (in the case of incumbents); and
  - The strength of the candidate and impact a contribution and implied Carrier endorsement might have on the race.

In addition to its bylaws, **Carrier PAC** shall adhere to the following principles:

- Participation by eligible employees is always voluntary;
- **Carrier PAC** shall not seek, request, or expect any specific benefit for its contributions to candidates or for any official act;
- **Carrier PAC** reports its contributions to elected officials and candidates as required by law, and to **Carrier PAC** contributors periodically; and



- **Carrier PAC** contributions are intended primarily for individuals seeking U.S. federal elective office. Contributions to leadership PACs, multi-candidate PACs, and organizational or association PACs are made only after the most careful and deliberate consideration.
4. Carrier joins trade associations to share with other companies in our industries business, technical, and standards expertise and to be part of an important public education effort regarding major issues of common concern to our industries. Carrier does not join trade associations for political purposes, and we do not expect those associations of which we are a member to make political contributions or to be otherwise engaged in the political campaign process. Our participation in trade associations is subject to management oversight and membership requires management approval. Guidelines on trade association participation are provided in the Carrier [Code of Ethics](#), supplements to the Code, [CPM 5: Antitrust Compliance](#), and [CPM 7: Conflict of Interests](#).

#### F. POLITICAL ACTIVITY & REPORTING BY DIRECTORS, OFFICERS, AND EMPLOYEES

1. Carrier encourages individual employees in their personal capacity to engage in political activity by contributing financial and other support to candidates and political parties of their choice, participating in local political activities, voting in elections, attending caucuses and conventions, and seeking and holding public office. Persons engaged in these activities must do so on their own time and not as representatives of (or otherwise on behalf of) Carrier, and shall not use Carrier's resources (e.g., work time, e-mail, administrative staff, etc.) to undertake or facilitate such activities.
2. Some jurisdictions and their political subdivisions regulate political activity by companies and their directors, officers, and employees that do business with the state or subdivision. So-called "pay to play" laws often prohibit or require reporting of political contributions by a state contractor or its directors, officers, and employees who are involved in performing one or more contracts with the state or subdivision. If you or a covered family member intends to make a private political contribution in your personal capacity in any jurisdiction that has a pay-to-play law, you are responsible to ensure that it will not affect the ability of Carrier to contract with that jurisdiction. Because these regulations vary widely in scope and are difficult to apply, you are encouraged to consult with Carrier Legal before making a private political contribution in your personal capacity to a candidate for U.S. state/local office.



## G. POLITICAL CONTRIBUTIONS

1. Carrier shall not make **Political Contributions** to candidates for U.S. federal **Government** office, as U.S. law prohibits corporations from offering or making such contributions. Subject to the exceptions and prior approval requirements described in this Policy, Carrier shall not provide any financial support to a U.S. federal committee (e.g., Republican or Democratic National Committee) or to a political committee for the direct benefit of a U.S. federal candidate.
2. U.S. state/local laws may differ, but frequently ban or restrict the amount of allowable corporate **Political Contributions** to candidates for U.S. state/local office. Accordingly, as a matter of policy, Carrier does not make such **Political Contributions** (exceptions require advance approval pursuant to Section G7 below).
3. Carrier shall not make **Political Contributions** to candidates for or incumbents of non-U.S. **Government** office, as these are subject to -- and in many cases are prohibited by -- the U.S. Foreign Corrupt Practices Act and local laws or regulations.
4. Carrier is permitted to make administrative expenditures in support of **Carrier PAC**, and to contribute to organizations formed under Sections 527 and 501(c)(4) of the U.S. Internal Revenue Code ("527 or 501(c)(4) organizations"), but only as approved in advance in accordance with Section G7 below.
5. U.S. law regulates donations or contributions to support an event or organization in any way connected to a member of the U.S. Congress and may require reporting of such contributions in Carrier's periodic lobbying reports to the U.S. Congress. Accordingly, such contributions require advance approval pursuant to Section G7 below. **Philanthropic Donations** to a charitable event or organization at the behest or on behalf of a member of the U.S. Congress, or where a member of the U.S. Congress is a chair or is honored, may be made only with prior approvals pursuant to [CPM 11: Philanthropic Donations](#).
6. Because laws governing political activity are complex, **Political Contributions** must be reviewed carefully to assure compliance with laws and Carrier's **Code of Ethics**. In all cases, Carrier Legal shall be consulted in advance of making any **Political Contribution** (including, without limitation, any commitment for financial support to any candidate for U.S. state/local **Government** office or to any U.S. federal or state/local political parties, committees, or 527 organizations (or equivalent)), and no **Political Contribution** shall be offered or made on behalf of



Carrier or its **Affiliates** without the prior approval of the **VP GGR** and the **SVP CLO**; provided that, advance approval need not be obtained for Carrier's support for **Carrier PAC** contributions, if administered by the **Carrier PAC** in accordance with the **PAC's** bylaws and operating guidelines. Under no circumstances shall any **Political Contribution** be offered or made that would constitute or create the appearance of a **Corrupt Payment**.

7. The Honest Leadership and Open Government Act (HLOGA) imposes reporting requirements for federal political contributions and other politically related payments, restricts Carrier's ability to provide **Business Gifts** or **Sponsored Travel** to Members of the U.S. Congress, and requires Carrier (and certain individuals within Carrier ) to certify that Carrier employees have read and are familiar with the House and Senate rules and have not offered or provided a **Business Gifts** or **Sponsored Travel** in violation of the rules. Specifically, HLOGA requires semi-annual disclosures of the following by Carrier:
- Contributions by Carrier of \$200 or more made within the prior 6-month period to any U.S. federal candidate, officeholder, leadership PAC, or political party committee;
  - Contributions by Carrier or **Carrier PAC** of \$200 or more made within the prior 6-month period to a Presidential library foundation or Presidential inaugural committee; and
  - Payments of any amount (other than those required to be disclosed by the recipient to the Federal Election Commission ("FEC")) by Carrier or the **Carrier PAC**:
    - For the cost of an event to honor or recognize any covered legislative or executive branch official;
    - To any **Entity** that is named for a covered legislative branch official;
    - To any individuals or **Entity** in recognition of a covered legislative branch official;
    - To any **Entity** established, financed, maintained, or controlled by a covered legislative or executive branch official;
    - To any **Entity** designated by a covered legislative or executive branch official; and
    - To pay the costs of a meeting, retreat, conference, or other similar event, held by, or in the name of, one or more covered legislative or executive branch officials.

## H. COST ALLOWABILITY

Political activities described above may impact Carrier's tax and U.S. federal **Government** cost accounting, including employee salary expense. Tax reporting will be handled as required by the Carrier Corporate Vice President, Tax. All direct and indirect costs will be reviewed for U.S. federal **Government** cost allowability purposes in accordance with section 29.29.8 of CARRIER's Financial Manual.



## I. AUDIT

Carrier's Corporate Vice President, Controller, will incorporate controls and testing procedures in applicable common controls matrices, and the Carrier Corporate Vice President, Internal Audit, will conduct periodic audits (including **Compliance Audits** (see [CPM 4: Global Ethics and Compliance Program](#))), in each case to assess compliance at the RU level. Within the regular scope of its annual financial audits, Carrier's independent auditor will also review such controls and transactions to ensure compliance.