



STANDARD WORK 13D:

Ensuring Compliant Disclosure and Reporting to Investors (Disclosure Controls and Procedures)

- A. INTRODUCTION**
- B. MANAGEMENT REVIEW AND CERTIFICATIONS - GENERALLY**
- C. DISCLOSURE CONTROLS AND PROCEDURES – GENERALLY**
- D. DISCLOSURE COMMITTEE – RESPONSIBILITIES**
- E. DISCLOSURE COMMITTEE – MEMBERSHIP, MEETINGS, REPORTS, AND RECORDS**
- F. DISCLOSURE CONTROLS AND PROCEDURES FOR FORM 10-Q/-K,**



ANNUAL REPORT, AND EARNINGS
RELEASES ON FORM 8-K

- G. DISCLOSURE CONTROLS AND
PROCEDURES FOR THE PROXY
STATEMENT**
- H. DISCLOSURE CONTROLS AND
PROCEDURES FOR SECTION 16(A)
REPORTING**
- I. DISCLOSURE CONTROLS AND
PROCEDURES FOR CURRENT
REPORTS ON FORM 8-K OTHER THAN
FOR EARNINGS RELEASES**
- J. DISCLOSURE CONTROLS AND
PROCEDURES FOR FINANCIAL
GUIDANCE**
- K. DISCLOSURE CONTROLS AND
PROCEDURES FOR REGULATION FD
COMPLIANCE**
- L. DISCLOSURE CONTROLS AND
PROCEDURES FOR USE OF NON-GAAP
FINANCIAL MEASURES**



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. INTRODUCTION

Carrier disclosures to the investing public shall be accurate, complete, and fairly present in all material respects Carrier's actual financial and operating condition and otherwise fully comply with applicable securities and exchange laws. Carrier shall maintain controls and procedures as further described below to provide the Carrier's principal officers and senior management access and opportunity to review such information as is necessary to ensure that Carrier disclosures, reports, and related certifications required under the securities and exchange laws are based on appropriate due diligence, are timely, and meet the foregoing accuracy, completeness, and representation standard.

B. MANAGEMENT REVIEW AND CERTIFICATIONS - GENERALLY

Carrier senior management, with the participation of the Carrier President & CEO ("CEO"), Senior Vice President, Chief Financial Officer ("CFO"), and Vice President, Controller ("Controller"), shall review the effectiveness of the design and operation of Carrier's disclosure controls and procedures as further described below as of the end of the period covered by each periodic report on Form 10-Q or 10-K and shall certify, as required under Sections 302 and 906 of the Sarbanes-Oxley Act, regarding the adequacy of Carrier's disclosures and its disclosure controls.

C. DISCLOSURE CONTROLS AND PROCEDURES – GENERALLY

The following disclosure controls and procedures have been designed and adopted by the Carrier CEO (the "Principal Executive Officer"), and CFO and Controller (collectively, the "Principal Financial Officers") to ensure that information required to be disclosed in reports filed under the Exchange Act (which includes reports on Form 10-Q, Form 10-K, the Annual Report, Form 8-K and the Proxy Statement) is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms. This includes, without limitation, controls and procedures designed to ensure that the information required to be disclosed is accumulated and communicated to Carrier's senior management, including the Principal Executive Officer, the Principal Financial Officers, and Senior Vice President, Chief Legal Officer ("CLO"), as appropriate, to allow timely decisions regarding the required disclosure. Disclosure controls and procedures cover the information in the financial statements and the other financial information in the reports, including footnotes, selected financial data, and management's discussion and analysis ("MD&A"). According to SEC rules, this means that the information disclosed,



viewed in its entirety, must meet a standard of overall material accuracy and completeness that is broader than financial reporting requirements under U.S. generally accepted accounting principles (“GAAP”). Disclosure controls and procedures are also intended to ensure that Carrier’s proxy statements, press releases, investor presentations, website disclosure, and other public communications are consistent with its disclosure obligations. Further, Exchange Act Rules 13a-14(a) and 15d-14(a), implementing Section 302 of the Sarbanes-Oxley Act, require Carrier’s Principal Executive Officer and the Principal Financial Officers each to certify in each quarterly (Form 10-Q) and annual (Form 10-K) report, among other things, that he or she and the other certifying officer(s):

- are responsible for establishing and maintaining “disclosure controls and procedures” for Carrier;
- have designed such disclosure controls and procedures to ensure that Material Information is made known to them, particularly during the period for which the periodic report has been prepared;
- have evaluated the effectiveness of Carrier’s disclosure controls and procedures as of the end of each period covered by the report; and
- have presented in the report their conclusions about the effectiveness of the disclosure controls and procedures based upon the required evaluation as of that date.

In addition, Exchange Act Rules 13a-14(b) and 15d-14(b), implementing Section 906 of the Sarbanes-Oxley Act, require Carrier’s Principal Executive Officer and the Principal Financial Officers each to certify in each Form 10-Q and Form 10-K report that:

- the Form 10-Q or Form 10-K, as the case may be, fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- information contained in such Form 10-Q or Form 10-K, as the case may be, fairly presents, in all material respects, the financial condition and results of operations of Carrier.

D. DISCLOSURE COMMITTEE – RESPONSIBILITIES

In order to assist the Principal Executive Officer and the Principal Financial Officers to meet their responsibilities under Exchange Act Rules 13a-14 and 15d-14, and Carrier to fulfill its disclosure obligations, the Carrier Disclosure Committee (“Disclosure Committee”) is responsible to the Principal Executive Officer, the Principal Financial Officers and CLO to:

- Ensure there is an effective process for establishing disclosure controls and procedures consistent with applicable law, regulations, and stock exchange requirements;
- Evaluate the effectiveness of the disclosure controls and procedures as of the end of the period covered by each periodic report on Form 10-Q or Form 10-K, and



report the results of such evaluation to the Principal Executive Officer, the Principal Financial Officers and CLO;

- Revise or supplement disclosure controls and procedures as necessary;
- Review each report prior to filing, giving consideration to potential Material Non-Public Information, and determine the nature and timing of disclosure obligations for such Information on a timely basis. If disclosure is required, assist in the preparation, review and timely filing or release of such disclosure;
- Evaluate new laws, regulations and SEC and stock exchange rules and advise on disclosure obligations; and
- Perform such other duties and tasks relevant to the objectives of the Disclosure Committee as may from time-to-time be requested by the Principal Executive Officer, the Principal Financial Officers, or the CLO, or as may be required or advisable in light of applicable law, regulations, or stock exchange requirements.

The Disclosure Committee may delegate responsibility to subcommittees as necessary or appropriate. The Disclosure Committee shall have access to Carrier books, records, facilities and personnel as necessary or appropriate to perform its responsibilities.

E. DISCLOSURE COMMITTEE – MEMBERSHIP, MEETINGS, REPORTS, AND RECORDS

The Disclosure Committee comprises the Principal Financial Officers and such other Carrier officers or employees as the Principal Executive Officer and the Principal Financial Officers determine appropriate and appoint from time-to-time in view of the Disclosure Committee's responsibilities. The Principal Executive Officer and the Principal Financial Officers have appointed the following officers as the members of the Disclosure Committee:

- CFO (Committee Chair);
- Vice President, Controller;
- Vice President, Treasurer;
- Vice President, Tax;
- Chief Litigation Counsel;
- Vice President, Assistant Secretary (Committee Secretary);
- Vice President, Financial Planning & Analysis; and
- Vice President, Investor Relations.

The following Carrier officers or employees are appointed "adjunct" members of the Disclosure Committee, with the responsibility to participate in the Committee's discussions and determinations regarding individual disclosure issues that arise within their areas of functional responsibility:

- Vice President, Global Ethics and Compliance; and
- Vice President, Internal Audit.



The Disclosure Committee shall meet (which may include telephonically) at such times as shall be necessary or appropriate to fulfill its duties and responsibilities, taking into account Carrier's current and periodic reporting obligations. In addition, the Disclosure Committee shall meet at the request of either of the Principal Executive Officer, either of the Principal Financial Officers or the CLO. The Disclosure Committee shall make such reports and maintain such records of its proceedings as are appropriate in light of applicable laws, regulations, and rules.

F. DISCLOSURE CONTROLS AND PROCEDURES FOR FORM 10-Q/-K, ANNUAL REPORT, AND EARNINGS RELEASES ON FORM 8-K

Data Accumulation:

- *Calendar* – The Controller's group shall prepare and distribute a detailed calendar of requirements and deliverables before the end of each quarter to Carrier's principal business units ("Reporting Units") and Carrier World Headquarters working group comprising the Legal, Investor Relations, FP&A, Tax, and Treasury functions;
- *Accumulation of Assessment Numbers* – The Reporting Units shall submit preliminary assessment information on a monthly basis to FP&A through the consolidated accounting and reporting system ("CARS"). The assessment information for the month preceding the close of the quarter is used to prepare initial drafts of the Form 10-Q and 10-K reports and quarterly earnings release on Form 8-K. The Controller's group shall review significant accounting matters and supporting documentation with the Reporting Unit controllers, external auditors, and the Principal Financial Officers based on the monthly assessments;
- *Accumulation of Final Quarterly Numbers* – The Reporting Units shall submit quarterly segment financial information by the specified date shortly after the end of the quarter through tCARS, which is used to prepare final drafts of consolidated financial statements and business segment financial information, MD&A disclosure, and other financial information required in the reports;
- *Additional Year-End Data Accumulation* - Additional detailed financial information required for year-end financial reporting shall be provided by the Reporting Units through other systems maintained by the Controller and Treasury functions; and
- *Legal Proceedings and Other Non-Financial Information* - Legal shall compile legal proceeding information from sources that may include internal reports, periodic reviews or due diligence meetings with the Reporting Units, and through additional input from representatives of Reporting Unit legal departments and external legal counsel. Additional non-financial information, including Executive Officer information, and submissions of votes to shareholders shall be compiled from Corporate Secretary's records.

Document Preparation:

- *Financial Information For Reports* – The Controller's group shall assemble financial information and prepare drafts of the financial statements, notes and MD&A of the



Form 10-Q or Form 10-K with input from FP&A and financial representatives in each Reporting Unit and based on information received from CARS;

- *Non-Financial Information for Reports* - Legal shall prepare non-financial portions of the Form 10-Q and Form 10-K report with input from various departments, including Reporting Unit legal and the Corporate Secretary's records; and
- *Earnings Release and Investor Presentation Materials* – Investor Relations shall prepare the draft earnings release and investor meeting materials based on the assessment and final segment information provided by FP&A and Controller's group and others as deemed necessary. The Controller's group shall prepare Form 8-K and financial tables to be attached to the earnings release. Legal shall review the Form 8-K to ensure compliance with SEC requirements.

Document Review:

- *Review of Reports* – The Controller's group, in coordination with Legal, shall circulate drafts of the Form 10-Q and Form 10-K report to Communications, FP&A, Internal Audit, Investor Relations, Legal, Tax, and Treasury (collectively, the "Carrier Review Team"), Reporting Unit representatives, external auditors and external legal counsel for review, comment, and revision, with final draft sign-off by the Carrier Review Team and Reporting Unit representatives;
- *Review of Earnings Release* – Investor Relations shall circulate drafts of the earnings release and investor meeting materials to the Carrier Review Team, Reporting Unit representatives and external auditors for review, comment, and revision, with final draft sign-off by the Carrier Review Team and Reporting Unit representatives; and
- *Compliance Check* - Legal and the Controller shall review the draft 10-Q/-K and earnings release for compliance with SEC requirements, stock exchange rules, and accounting requirements, as applicable, and consult external legal securities counsel and external auditors, as necessary.

Review by Disclosure Committee, Senior Management, and Audit Committee:

- *Disclosure Committee* – The Disclosure Committee shall hold a quarterly disclosure meeting with the Principal Financial Officers to review significant financial statement and disclosure issues, including key accounting and management judgments underlying the financial statements. The Disclosure Committee shall also evaluate disclosure controls and procedures and review the adequacy of the disclosures made in the reports, the earnings release and investor presentation materials;
- *Senior Management* – The Controller and Investor Relations shall schedule meetings with the Principal Financial Officers and the Principal Executive Officer to review drafts of reports, earnings release, and investor relations materials; and
- *Audit Committee* – The Audit Committee of Carrier's Board of Directors shall review drafts of reports (including Carrier financial statements), earnings releases, and investor presentation materials with the Principal Financial Officers, the Principal Executive Officer, and external auditors before filing/release.



Certifications:

- *Reporting Unit Back-Up Certifications* – Each Reporting Unit president, chief financial officer, chief accounting officer, FP&A lead, lead ethics and compliance officer, and lead legal counsel shall provide a back-up certification to the Principal Executive Officer, the Principal Financial Officers and the CLO, supporting the certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act at the time of issuing the earnings release for the quarter, with the obligation to update the certification if any material developments occur prior to filing the 10-Q report. A formal updated certification is required prior to filing the 10-K;
- *Reporting Unit External Auditor Representations* – Each Reporting Unit President, chief financial officer, chief accounting officer, and FP&A lead shall provide back-up certifications to the Principal Financial Officers, supporting the Principal Executive Officer's and Principal Financial Officers' management representation letter to external auditors regarding the accuracy of the Reporting Unit's financial information and its system of internal control over financial reporting and disclosure controls and procedures;
- *Carrier CLO Back-Up Certifications* – The CLO or Chief Litigation Counsel, as applicable, shall provide back-up certifications to the Principal Executive Officer and the Principal Financial Officers in support of the certifications required under Sections 302 and 906 and to external auditors regarding litigation and other contingent liabilities in connection with the earnings release and prior to filing the reports;
- *Disclosure Committee Report* – The Disclosure Committee shall provide a report recommending execution by the Principal Executive Officer and the Principal Financial Officers of the Section 302 and 906 Certifications;
- *Senior Management Certifications* – The Principal Executive Officer and the Principal Financial Officers shall provide certifications under Sections 302 and 906 to be included in SEC reports and a management representation letter to external auditors prior to filing the reports;
- *Additional Annual Back-up Certifications* – The Reporting Unit chief financial officers and lead legal counsels shall provide an annual certification to external auditors regarding FASB Accounting Standards Codification (ASC) subtopic 450-20 legal contingencies and as to financial information provided through certain Carrier database systems; and
- *External Auditors Report* - The external auditor shall issue its report or review letter, as applicable, dated as of the earnings release date, which is filed with the report. Various internal certifications are provided to the external auditors supporting their report.

G. DISCLOSURE CONTROLS AND PROCEDURES FOR THE PROXY STATEMENT

Data Accumulation:



- Director and Executive Officer share ownership information, director biographies, Carrier relationships with director-affiliated entities and non-profits, director independence information, any related party transactions, and other information about directors, including director nominees, shall be obtained from the stock transfer agent records, questionnaires, Reporting Unit reports to the Controller, and Carrier records;
- Shares outstanding and corresponding votes entitled to be cast shall be verified with stock transfer agent for common stock;
- Shareowner meeting procedures shall be obtained from Carrier Articles of Incorporation and Bylaws and applicable laws;
- Fees paid to external auditors and other audit-related data shall be provided by the Controller function and confirmed with external auditors;
- Board committees and compensation shall be verified from Carrier records;
- Named Executive Officer and director compensation information and benefit arrangements shall be obtained from and verified with Carrier Human Resources; payroll records and back-up support shall be obtained and reviewed from outside service providers; external auditors shall perform special procedures reviews of compensation disclosures required by Reg. S-K Item 402; Human Resources, Legal, and the Controller functions shall review the Compensation Discussion & Analysis section prior to review by the Compensation Committee;
- Section 16(a) reporting shall be verified with Carrier records and SEC reports filed by each individual and director and Executive Officer questionnaires;
- Management statements concerning shareholder proposals shall be drafted by Carrier Legal and verified with relevant internal departments; and
- The Corporate Secretary shall provide Carrier Legal with the reports of the Audit Committee and Compensation Committee.

Document Preparation:

Legal shall prepare a draft proxy statement based on foregoing data.

Document Review:

- Carrier Legal shall circulate a draft proxy statement to Communications, Controller, Human Resources, Tax, external auditors, and external legal counsel;
- Carrier Legal and Controller shall review the draft for compliance with SEC requirements, stock exchange rules, and accounting requirements, as applicable, and consult with external securities legal counsel and external auditors, as necessary;
- Carrier Human Resources and Legal shall provide back-up certifications to the Principal Executive Officer and Principal Financial Officers as to compliance with disclosure requirements for proxy statements;
- Final drafts shall be reviewed by the Principal Executive Officer, the Principal Financial Officers, and Board of Directors; and



- Legal shall review the Proxy statement for compliance with SEC requirements, stock exchange rules, as applicable, and consult external legal securities counsel, as necessary.

H. DISCLOSURE CONTROLS AND PROCEDURES FOR SECTION 16(A) REPORTING

See Procedures & Guidelines 13B – Preventing Insider and Other Prohibited Securities Trading Practices

I. DISCLOSURE CONTROLS AND PROCEDURES FOR CURRENT REPORTS ON FORM 8-K OTHER THAN FOR EARNINGS RELEASES

Triggering Events:

The events required to be disclosed by Carrier on Form 8-K, include, but are not limited to, the following:

- Entry into a material non-ordinary course agreement;
- Termination of a material non-ordinary course agreement;
- Bankruptcy or receivership;
- Completion of acquisition or disposition of assets other than in the ordinary course of business;
- Public announcement or release of results of operation or financial condition;
- Creation of a material direct financial obligation or a material obligation under an off-balance sheet arrangement;
- Triggering events that accelerate or increase a material direct financial obligation or a material obligation under an off-balance sheet arrangement;
- Material costs associated with exit or disposal activities;
- Material impairments;
- Notice of delisting or failure to satisfy a continued listing rule or standard; transfer of listing;
- Non-reliance on previously issued financial statements or a related audit report or completed interim review (restatements);
- Unregistered sales of equity securities;
- Material modifications to rights of security holders;
- Changes to certifying accountant;
- Change in control;
- Departure of directors or principal officers, election of directors or appointment of principal officers;
- Amendments to Articles of Incorporation or Bylaws and change in fiscal year;
- Temporary suspension of trading under employee benefit plans; and
- Waiver of a provision of the Code of Ethics.

Filing Deadline:



Four (4) business days after the occurrence of triggering event.

Data Accumulation:

- The Carrier function or Reporting Unit that is the source of the triggering event shall advise the Disclosure Committee, Controller, Investor Relations, and Legal functions, as appropriate;
- The Disclosure Committee, Controller, Investor Relations, and Legal functions shall be responsible for determining whether Form 8-K reports are required to be filed; and
- The Disclosure Committee shall monitor relevant events to ensure that timely, complete, and accurate disclosure is made.

Document Preparation:

Legal shall draft the report on Form 8-K and circulate as required.

Document Review:

Legal and the Controller shall coordinate review of the draft Form 8-K with the Carrier function or Reporting Unit that is the source of the triggering event, as applicable, and sign off on the final draft to be filed with the SEC.

J. DISCLOSURE CONTROLS AND PROCEDURES FOR FINANCIAL GUIDANCE

The Principal Executive Officer and the Principal Financial Officers are primarily responsible for determining any guidance provided to investors concerning anticipated future financial results. Baseline earnings and cash flow guidance for the following year is developed on the basis of approved internal Carrier Reporting Unit financial performance commitments resulting from the annual planning process. During the year of execution, each Reporting Unit finance lead shall provide Carrier FP&A a monthly roll-up of EBIT and cash flow performance against approved plans, and an updated forecast of current quarter and full-year performance, identifying risks and opportunities. The Vice President, FP&A shall consolidate this input and review it with Investor Relations and the Principal Financial Officers to evaluate Carrier's overall performance and forecast, and risks and opportunities. Reporting Unit finance and Carrier FP&A shall monitor financial results and maintain communication to support prompt identification and upward visibility regarding any anomalies that might adversely affect forecasts. With respect to the issuance of press releases or other communications containing guidance, Investor Relations shall prepare a draft release, which is reviewed, as appropriate, by the Disclosure Committee, the Principal Executive Officer, the Principal Financial Officers,



Legal, Reporting Unit financial representatives, and the Audit Committee in accordance with the requirements of Procedures & Guidelines 13C – Investor Relations and Preventing Selective Disclosure (Regulation FD Compliance). All responses or inquiries regarding previously issued guidance shall be referred to Investor Relations and handled in accordance with Procedures & Guidelines 13C (Earnings Projections (Guidance), No Comment Policy, Quiet Period).

K. DISCLOSURE CONTROLS AND PROCEDURES FOR REGULATION FD COMPLIANCE

Investor Relations shall coordinate with the Principal Executive Officer, the Principal Financial Officers, Reporting Unit Presidents and Carrier Legal, as necessary, regarding periodic or other meetings with Enumerated Persons and shall coordinate with the Controller, FP&A, Legal and the Reporting Unit representatives, as necessary, to prepare presentation materials, which shall be reviewed by the Principal Executive Officer, Legal, the Principal Financial Officers and Reporting Unit financial representatives, as required. A representative of Investor Relations shall attend all meetings and other planned discussions with Enumerated Persons. If Material Non-Public information is to be disclosed during a meeting with Enumerated Persons, Investor Relations shall ensure compliance with Procedures & Guidelines 13C – Investor Relations and Preventing Selective Disclosure (Regulation FD Compliance) and all press releases shall be reviewed by the Principal Executive Officer, the Principal Financial Officers, Legal and Reporting Unit financial representatives, as required. Investor Relations shall also prepare and distribute to key Disclosure Committee members presentation materials and talking points prepared for management discussions with Enumerated Persons for continuing awareness of communications to the investment community.

L. DISCLOSURE CONTROLS AND PROCEDURES FOR USE OF NON-GAAP FINANCIAL MEASURES

Under Regulation G, if Carrier discloses publicly, whether verbally or in writing, any Material Information that includes a non-GAAP financial measure, it is required to include in that disclosure: (a) a presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP; and (b) a reconciliation of the non-GAAP financial measure presented with the most directly comparable financial measure or measures calculated and presented in accordance with GAAP. If the non-GAAP financial measure is released verbally, telephonically, in a webcast, by broadcast, or by similar means, Carrier may provide the accompanying information by posting it on its website if it also discloses during the presentation the location and availability of the required accompanying information. If the non-GAAP information is contained in an SEC filing, in addition to the GAAP reconciliation required as discussed above, the filing must meet the following requirements: (i) the most directly comparable financial measure calculated and presented in accordance with GAAP must be presented with equal or greater prominence, rather than merely accompanying the non-GAAP measure; (ii) there



must be a statement describing the reasons why management believes the non-GAAP financial measure provides useful information to investors; and (iii) to the extent material and not already covered, there must be a statement disclosing the purposes for which management uses the non-GAAP financial measure presented. The SEC rules also prohibit the following types of non-GAAP financial measures to be used in SEC filings: (A) performance measures that exclude recurring items; and (B) liquidity measures that exclude cash items. Carrier Legal and Controller functions shall review proposed communications for compliance with Regulation G.