



# FORCED LABOUR IN CANADIAN SUPPLY CHAINS REPORT CARRIER CORPORATION JOINT REPORT

This report has been prepared in compliance with *Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). This report covers the fiscal year starting January 1, 2024 and ending December 31, 2024 and is filed by Carrier Corporation and the Carrier Corporation affiliates that are included in the scope of this report (collectively, "Carrier").

## Entities Included in Joint Report

Entity	Jurisdiction
Carrier Corporation (Primary Filer)	Delaware, USA
Carrier Canada Corporation	New Brunswick, Canada
Riello Canada Inc.	Ontario, Canada
Viessmann Manufacturing Company ULC	Nova Scotia, Canada

Since Carrier’s prior report covering the fiscal year starting January 1, 2023 and ending December 31, 2023, Viessmann Manufacturing Company ULC became a Carrier affiliate, and Kidde Canada Inc. ceased to be a Carrier affiliate, due to acquisition and divestiture activity of the Carrier group. In addition, due to recent guidance from Public Safety Canada that reporting obligations apply only to entities owning tangible assets in Canada and not intangible assets such as intellectual property, securities and goodwill, for this report Carrier has removed Sebec Holdings Corporation from the scope of the report as it holds only intangible assets in Canada.

## Prevention and Reduction of Risk

Commencing in 2024, Carrier has taken a number of steps to review its risk for forced labour and child labour in its supply chain. Carrier has updated its ethics and supply chain policies pursuant to requirements set forth in various forced labour and child labour prevention regulations across the globe. Carrier has updated its vendor onboarding requirements and made updates to vendor requirements for its existing supply chain base. Vendors are now required to sign Carrier’s Vendor Code of Ethics and provide details on their forced labour and child labour prevention activities.

Carrier is a Tier III registrant with the US Customs CTPAT program along with the AEO program around the globe where available. The supply chain security requirements under those programs require that Carrier prepare supply chain policies that comply with various shipping security requirements including forced labour and child labour prevention policies. Carrier requires that suppliers either be CTPAT or AEO certified or comply with all regulations including forced labour and child labour prevention regulations.

## Structure, Activities and Supply Chains

Carrier is a world leader in intelligent climate and energy solutions, including high-technology heating, air conditioning and refrigeration, and provides energy-efficient products, building controls and energy services for residential, commercial and retail transport. Carrier has a worldwide supply chain and relationships with distributors across the globe.

At a high level, Carrier's activities include producing goods (including manufacturing, extracting, growing and processing) outside of Canada, selling goods in and outside of Canada, distributing goods in and outside of Canada, importing into Canada goods produced outside Canada, and controlling Carrier entities engaged in producing goods in Canada or outside Canada.

## Policies and Due Diligence Processes

Carrier currently has policies and due diligence processes in place related to the prevention of forced labour and child labour. The due diligence process includes embedding responsible business conduct into policies and management systems.

Carrier provides training to its employees and requires vendors to train their employees on forced labour and child labour prevention. In late 2024 Carrier began using a leading third party AI solution to screen Carrier's supply chain for possible use of forced and child labor. Carrier is diligently continuing its efforts to expand and enhance its forced labour and child labour prevention program.

## Forced Labour and Child Labour Risks

Carrier has a process in place to identify parts of its activities and supply chains that carry a risk of forced labour or child labour being used, but there are still gaps in the assessments to be addressed by continuing efforts.

Carrier has not identified forced labour or child labour risks related to any aspect of its activities and supply chains.

Carrier has suppliers in its supply chain that operate in areas of the world that have been identified as a potential risk for forced labour and child labour. Commencing in 2024, Carrier has updated its ethics and supply chain policies pursuant to requirements set forth in various forced labour and child labour prevention regulations across the globe, and Carrier has updated its vendor onboarding requirements and made updates to vendor requirements for its existing supply chain base. Vendors are now required to sign Carrier's Vendor Code of Ethics and provide details on its forced labour and child labour prevention activities, and Carrier requires that suppliers either be CTPAT or AEO certified or comply with all regulations including forced labour and child labour prevention regulations. Carrier provides training to its employees and requires vendors to train its employees on forced labour and child labour prevention. In late 2004 Carrier began using a leading third party AI solution tool to screen our supply chain for possible use of forced and child labor. Carrier is diligently continuing its efforts to expand and enhance its forced labour and child labour prevention program. If Carrier were to discover an issue in its supply chain, it will follow its due diligence procedure and work with the supplier to mitigate the issue. To date Carrier has not had to take such measures.

## **Measures to Remediate Forced Labour and Child Labour and Remediate Loss of Income to Vulnerable Families**

To date, Carrier has not discovered any issue with respect to its activities or supply chains that uses forced labour or child labour in its manufacturing process that requires remediation. Further, Carrier has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labor or child labor in our activities and supply chains. As a result, we did not need to take any measures to remediate any forced or child labour issues during this reporting period, nor did we need to take measures to remediate any loss of income because of forced or child labour or any measures taken to remove it from our supply chain.

## **Employee Training and Awareness**

Carrier provides training to employees on forced labour and child labour prevention. The training is currently mandatory for some employees, however Carrier continues to assess the expansion of the scope of employees for which mandatory training applies. The current training includes a description of forced labour and child labour risk factors, including the factors that the International Labor Organization (ILO) highlight to identify forced labour in the workforce. The current training also includes Carrier's requirements set forth in its Vendor Code of Ethics that it imposes on its supply chain partners to address forced labour and child labour risks in the supply chain. Finally, Carrier has implemented employee training on how to identify and report suspected forced labour and child labour occurrences.

## **Assessing Effectiveness in Preventing Forced Labour and Child Labour**

Carrier has set up a regular review and audit of the organization's policies and procedures related to forced labour and child labour prevention.

Carrier uses its Vendor Code of Ethics, employee training and ultimately its risk mapping to assess the effectiveness of its forced labour and child labour prevention policies. Carrier has a robust compliance program generally and under that program regular internal audits are conducted to ensure that compliance is part of the culture of how we do things at Carrier. Forced Labour and child labour prevention policies and procedures are now a critical aspect of regular Carrier internal audits. The internal audit team is not looking to simply confirm that Carrier has policies but requires examples of what is done to meet the requirements under the various forced labour and child labour prevention laws. The internal audits also review the regulations against Carrier policies and make recommendations for updates or clarifications.

## **Approval**

This report has been approved by the board of directors of Carrier Corporation.