



# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

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2020





## About this Report

102-50, 102-52, 102-54

The 2020 Environmental, Social & Governance Report (ESG) is Carrier's first ESG report as a stand-alone company, and covers performance for calendar year 2019. The policies and management practices referenced throughout this report were adopted prior to our separation from our prior parent company, United Technologies (UTC). Although the policies and practices have since been refined, they are subject to further change as Carrier continues to adapt its organizational approach as a newly public company.

The information and data included in this report are shared based on the best available information and data at publication and are subject to change. In some cases, information and data are estimated.

Revised August 28, 2020

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## A Message from David Gitlin President & CEO, Carrier



At Carrier, delivering real value starts with our vision of creating solutions that matter for people and our planet. Never has that been more critical than it is today.

COVID-19 has fundamentally changed how we live and work. It has heightened our focus on employee health and safety, sped innovation to respond to real-world needs and reframed the ways we support our communities. In other words, we simply cannot talk about corporate responsibility without acknowledging where we are today.

Carrier provides essential products and services and, in turn, has helped to ensure optimal indoor air quality in hospitals, support the delivery of temperature-sensitive pharmaceuticals and enable safer indoor environments. That is why we quickly took action to protect our employees and our customers, implementing thermal screening, modifying our manufacturing lines to ensure social distancing, adding physical barriers and providing paid COVID leave and more.

We have shined a spotlight on the criticality of diversity and inclusion – specifically, not just talking about it, but acting on it. Through efforts like our ELEVATE: Women in Leadership program, we accelerated our plan to have women occupy half of our leadership roles by 2030. We have also launched a more focused Diversity & Inclusion strategy designed to meaningfully transform our workforce. The program is backed by measurable initiatives that will drive opportunities for all of our employees.

We remain focused on our commitment to the environment and doing our part to address climate change. As a leader in HVAC and refrigeration technologies, we know that the products and services we bring to market have a profound impact on the world's carbon footprint. We are committed to reducing the carbon impact from our operations, as well as from our products in use.

These important global issues highlight the comprehensive approach we are taking to drive wide-reaching, lasting improvement as a stand-alone company. The world has changed dramatically in such a short time, but our vision has never been clearer. And we are well positioned to make measurable changes that continue to build on our strong legacy of corporate responsibility.

To put a fine point on it, ESG is not a side activity at Carrier. It is core to our business – always has been – and we take pride in leading the way for future generations. That is why we continue to set aggressive goals, challenging ourselves to be better every day.

As we see it, creating solutions that matter for people and our planet is more than our vision, it is our promise.

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**David Gitlin**

President & CEO, Carrier

## Carrier's Response to COVID-19

The world abruptly and irrevocably changed in December, 2019. We did, too. As COVID-19 impacted China and then one country after another, Carrier swiftly took action to ensure continued support for our people, our customers and our communities.

Across our facilities worldwide, the health, safety and well-being of our employees and business partners remained of paramount importance and drove a comprehensive set of actions to establish a new way of operating, a new normal. These included limiting travel, deploying an enhanced hygiene program across our global operations, establishing clear guidelines for employees who might feel ill, restricting access to our facilities, and enhanced remote access for those sheltering in place.

At the same time, we remained laser-focused on innovating to deliver safe and healthy environments for our customers. From the rapid innovation of Carrier's OptiClean negative air machine to help hospitals fight the virus to the launch of Carrier's Healthy Buildings Program, our solutions are essential to healthy living.

In our communities we are working closely with our nonprofit community partners to understand their immediate needs and how we can help. Across the United States, India, Europe and China we have provided personal protective equipment (PPE) for healthcare workers, hospitals and service technicians. As millions of people are struggling from food insecurity during COVID-19, we are supporting organizations like Feeding America and its increased need for refrigerated transport and storage units for its network of food banks. As homes have become classrooms, we are collaborating with The Nature Conservancy to help students discover the natural world virtually through the support of Nature Lab, an online curriculum program for teachers and families.

That is what *The Carrier Way* is all about – creating solutions that matter to people and our planet, even in the most unprecedented of times. To learn more about all the actions we have taken, visit [Carrier's COVID response page](#) on corporate.carrier.com.



# Report Highlights

103-2

Throughout our global operations, we are minimizing our environmental footprint and making investments that improve society. We are proud of our progress and hold ourselves accountable to having a measurable impact in all our efforts.<sup>1</sup>

## 2020 SUSTAINABILITY GOALS

*To be completed by the end of 2020, based on 2015 as baseline year.*

	<p><b>REDUCE GHG EMISSIONS BY 15%</b> Progress: 15% Reduction <b>(Goal Met)</b></p>		<p><b>REDUCE WATER CONSUMPTION BY 25%</b> Progress: 34% Reduction <b>(Goal Exceeded)</b></p>
	<p><b>IMPLEMENT 100% WATER BEST MANAGEMENT PRACTICES</b> Progress: 83% Implementation <b>(In Progress)</b></p>		<p><b>REDUCE HAZARDOUS WASTE GENERATION BY 10%</b> Progress: 21% Reduction <b>(Goal Exceeded)</b></p>
	<p><b>INCREASE WASTE RECYCLING RATE TO 90%</b> Progress: 94% Increase <b>(Goal Exceeded)</b></p>		<p><b>ELIMINATE USE OF CHLORINATED &amp; BROMINATED SOLVENTS</b> Progress: 88% Elimination <b>(In Progress)</b></p>
	<p><b>REDUCE ERGONOMIC RISK BY 50%</b> Progress: 62% Reduction <b>(Goal Exceeded)</b></p>		<p><b>REDUCE WORKERS' EXPOSURE TO HAZARDOUS SUBSTANCES</b> Progress: 90% Reduction <b>(In Progress)</b></p>

Additional details on 2020 goal performance on pages [31](#) and [35](#)

## 2019 HIGHLIGHTS

**ENVIRONMENTAL**  
Our products have helped our customers to reduce the generation of **290M** metric tons of CO<sub>2</sub>e since 2000

**SOCIAL**  
**30%+** female executives globally  
**\$495M** with first-tier suppliers in all diverse categories

**GOVERNANCE**  
**75%** independent directors and **25%** diverse\*  
\* Women or people of color

<sup>1</sup>These goals were set by UTC in 2016. While Carrier separated from UTC and became an independent public company in 2020, the data on this page reflects Carrier's progress toward these goals, which we continue to pursue as a new company.

# ABOUT CARRIER

At Carrier, we see possibilities in everything.

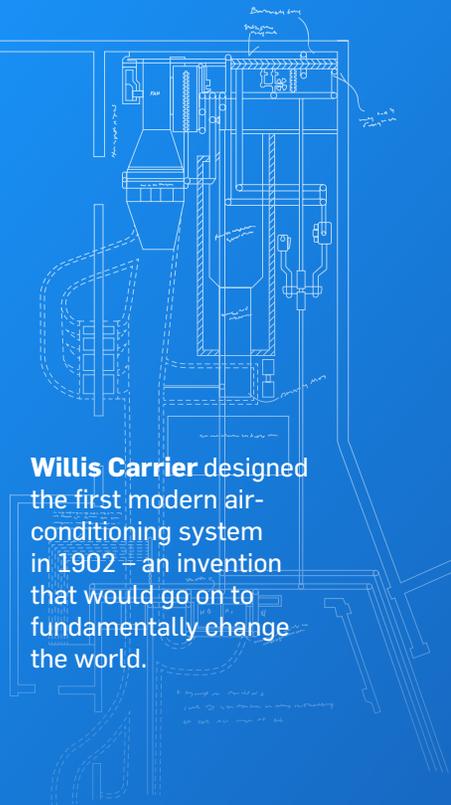
We are a leading global provider of healthy, safe and sustainable building and cold chain solutions. Since our founding, we have led in creating solutions that matter for people and our planet. Today, our portfolio includes industry-leading brands such as Carrier, Kidde, Edwards, LenelS2 and Automated Logic that offer innovative HVAC, refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable for generations to come.



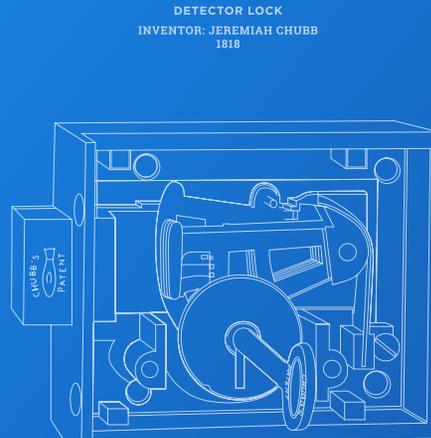
# Our History

102-1, 102-2

Carrier is built on a legacy of innovation, beginning with our founders. This culture of innovation supports our core strategy of developing smart, sustainable and efficient solutions to meet the complex challenges resulting from the megatrends of urbanization, climate change and increasing requirements for food safety driven by the needs of our growing global population, rising standards of living and increasing energy and environmental regulation.



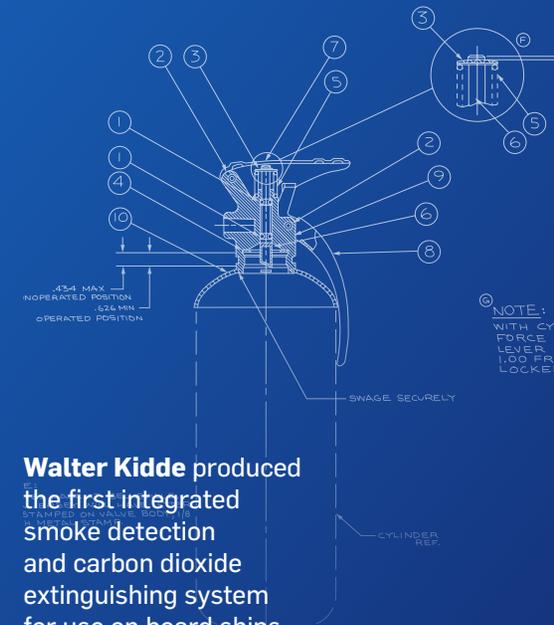
**Willis Carrier** designed the first modern air-conditioning system in 1902 – an invention that would go on to fundamentally change the world.



**Jeremiah and Charles Chubb** started their own lock company in 1820, and their work has set the standard for lock technology since the 19th century.



**Robert Edwards** obtained the first patent for an electric bell in 1881, with his company growing to encompass the largest industrial original equipment manufacturer and commercial installed base of signaling devices in the world.



**Walter Kidde** produced the first integrated smoke detection and carbon dioxide extinguishing system for use on board ships. Today Kidde is one of the world's largest manufacturers of fire safety products.

## An Independent Carrier

Our technologies forged entire industries. We have built iconic brands. And now, as an independent, focused company, our best days are ahead of us.

In 2018, United Technologies Corporation announced its intention to spin off Carrier into a separate publicly traded company. On April 3, 2020, UTC completed that spinoff and Carrier became an independent, publicly traded company and our common stock is listed under the symbol "CARR" on the New York Stock Exchange. For more than a century, Carrier has been a symbol of excellence, and today, as a stand-alone company, we have defined our own strategy, vision, culture and priorities.

And we continue to contribute meaningfully to communities around the world through employee volunteerism and environmentally responsible operations, products and services. We embrace these new opportunities and look forward to this new chapter in our storied history.

Carrier direct reports to the CEO are **>50%** diverse.\*

\* Women or people of color



**Carrier's Executive Leadership Team:** (from left to right) Chris Nelson, HVAC; Bobby George, Digital; Nadia Villeneuve, Human Resources; Chris Kmetz, Engineering; David Appel, Refrigeration; Kevin O'Connor, Legal; David Gitlin, President & CEO; Ajay Agrawal, Strategy & Services; Jurgen Timperman, Fire & Security; Tim McLevish, Finance; Mary Milmoie, Communications & Marketing; Rishi Grover, Operations; Eva Azoulay, Global Business Services & Transformation.

# Our Business

102-6, 102-7, 201-1

Our company is organized into three business segments – HVAC, Refrigeration, and Fire & Security.



## HVAC



Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of commercial and U.S. residential customers. Our HVAC systems enhance the overall performance, energy efficiency and sustainability of buildings and homes around the world. Through an industry-leading family of brands, including Carrier, Automated Logic, Bryant, CIAT, Day & Night, Heil, NORESKO and Riello, we offer an innovative and complete product portfolio, including air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions.

## Refrigeration



Our Refrigeration segment helps protect and extend the world food and medicine supply with transport refrigeration and commercial refrigeration products and solutions. Carrier's transport refrigeration products and services include refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail. With these products and our cold chain monitoring solutions, we work to improve the cold chain and enable the safe, reliable transport of perishable cargo around the world in an environmentally sustainable way.

Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of retail food and beverage. Our Sensitech business provides targeted solutions and services for supply chain visibility – addressing quality and compliance, security, and logistics performance management. This segment includes our Carrier Commercial Refrigeration, Carrier Transicold and Sensitech brands.

## Fire & Security



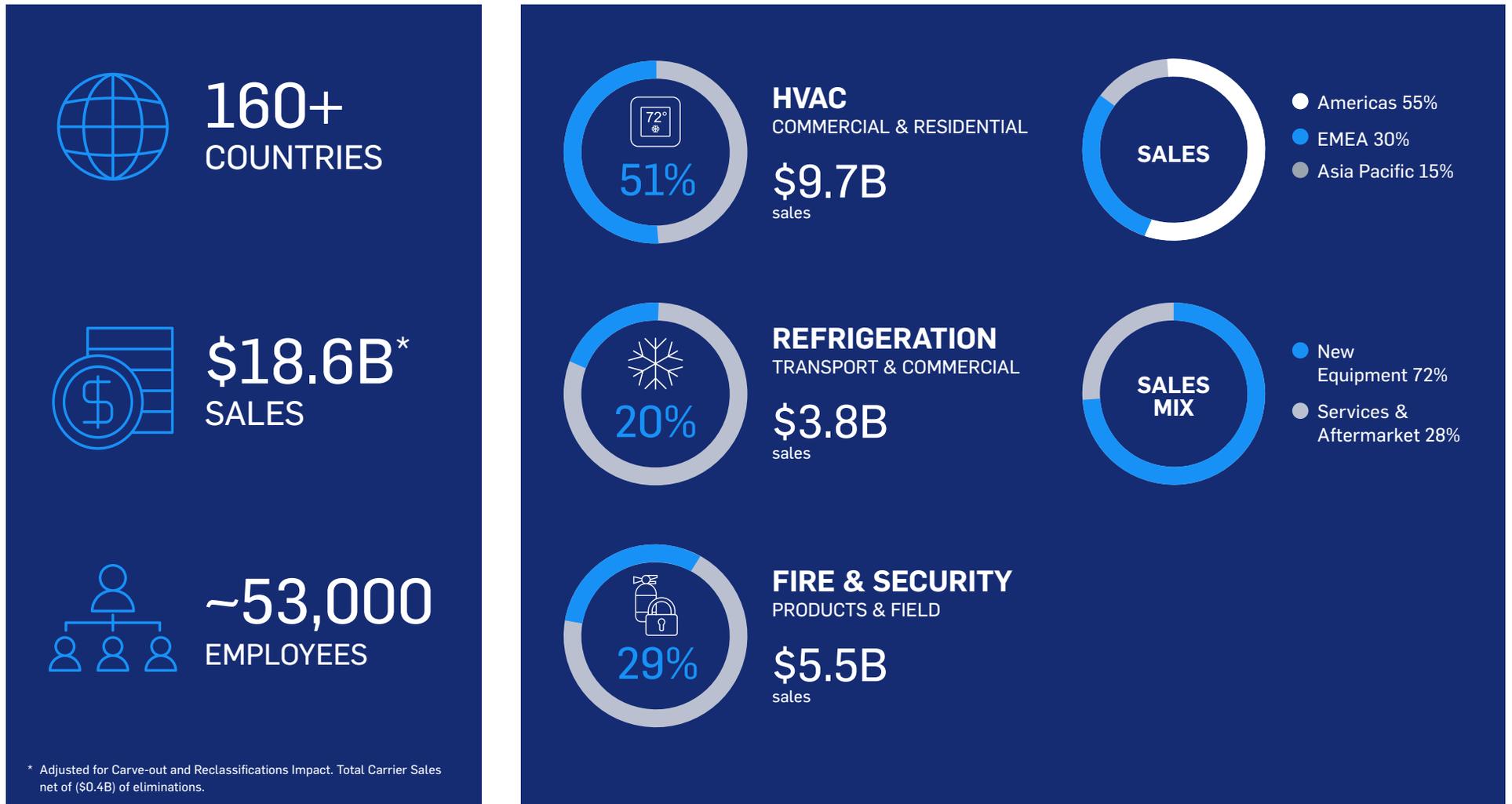
Our fire and security products encompass a wide range of residential and building systems. Our solutions include fire, flame, gas and smoke detection; portable fire extinguishers and commercial fire suppression systems; and intruder alarms, access control and video management systems. In addition, our fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance, repair and monitoring services. We sell fire detection and suppression technologies to protect a variety of structures, including homes, commercial buildings and industrial sites.

Our security solutions include access control, video surveillance, key management systems, electronic locks and mobile credentialing for a variety of commercial applications. In addition, our security solutions provide intrusion monitoring and life-safety solutions for the residential market. Our Fire & Security brands include Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Kidde, LenelS2, Marioff, Onity and Supra.

### Markets Served

We have an extensive global footprint with 53,000 employees, including approximately 3,600 engineers, and our solutions are sold in over 160 countries. We sell our products and services directly to end customers and indirectly through distributors, independent sales representatives, wholesalers, dealers, channel partners and retail outlets.

## BY THE NUMBERS: CARRIER 2019 NET SALES BREAKDOWN



## Materiality & Stakeholder Engagement

102-21, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47



### Materiality Assessment

In 2020, Carrier completed our first materiality assessment to inform our ESG management and reporting. We used the GRI steps of identification, prioritization and validation to define the ESG topics most significant to Carrier and our stakeholders based on impacts, risks and opportunities. We identified relevant ESG topics through internal and external stakeholder interviews and research.

The Carrier [ESG Steering Committee](#) validated the results, which were endorsed by the Carrier Executive Leadership Team and Carrier's Board of Directors through its Governance Committee.

### Carrier Reporting Topics\*:

- Climate Change
- Community Engagement & Investment
- Corporate Governance
- Cybersecurity & Data Privacy
- Diversity & Inclusion
- Environmental Responsibility
- Ethics & Compliance
- Human & Labor Rights
- Innovation & Efficiency
- Occupational Health & Safety
- Product Safety & Quality
- Stakeholder Engagement
- Talent Attraction & Retention
- Tax Transparency

\* Topics informed by internal and external stakeholder reviews

## Stakeholder Engagement

We are committed to ongoing efforts to engage with, understand and respond to the expectations, needs and priorities of our stakeholders – those groups who impact or are impacted by our operations. Carrier regularly engages a wide range of stakeholders critical to our business.

### HOW WE ENGAGE

<b>Employees</b>	We encourage feedback from our employees through regular employee surveys, town hall meetings, development conversations, online employee portals and through confidential channels where employees can raise sensitive issues, seek guidance and report misconduct.
<b>Customers</b>	We seek customer input through continuous dialogue, product and service training programs, dealer and distributor councils and a variety of customer surveys. We aim to use that information to improve our products, services and operations.
<b>Investors</b>	We believe in transparent and open communications with investors. As a public company we will regularly engage with our shareowners on our financial performance, strategy, and ESG performance and practices.
<b>Suppliers</b>	We actively collaborate with our network of suppliers. We are members of several industry organizations, attend national and local conferences and encourage suppliers to participate in our Supplier Excellence program to improve their operating performance and growth. Our expectations are aligned through our Supplier Code of Conduct.
<b>Government</b>	Our government relations initiatives educate and inform officials on a range of public policy issues important to our businesses, and as a new stand-alone company, we intend to annually disclose federal and state lobbying activities and expenditures once we have information to report as a standalone company.
<b>Communities</b>	We support more than 250 civic, cultural, economic and social welfare organizations around the world, focused in the areas of STEM education, sustainability, safety and security, hunger and food waste, diversity and inclusion, and disaster relief.

# INNOVATING FOR A SUSTAINABLE WORLD

Our vision is to create solutions that matter for people and our planet.



How we design, build and operate has profound implications for our planet.

We believe that climate change is the existential threat of our time, with implications for where we live, what we eat and drink, and our health. Buildings are responsible for 28% of global energy-related greenhouse gas emissions (GHG), of which HVAC is responsible for a fast growing, energy consuming activity. This represents the potential for smart, sustainable innovation – to which we are fully committed.

By 2030, the global middle class is expected to increase by 50%. By 2050, nearly 70% of the world's population will be living in urban centers. This migration presents unique challenges

as urban centers become more densely populated, straining natural resources, the food supply and the infrastructure. As summers grow hotter, so does the need for access to affordable and sustainable cooling for health and well-being. Urbanization will also further separate people from where food is produced, requiring sustainable cold chains to improve efficiency and reduce food waste. Simply put – food waste is a climate change issue. If food waste were a country, it would be the third largest emitter of GHG, behind the U.S. and China.

We share the urgency for action and continue working toward solutions to help mitigate these impacts.

## Our Sustainable Innovation Strategy

302-2, 302-5 Our Sustainable Innovation Strategy

We are committed to:

- **Decarbonization:**  
Developing solutions and technologies that reduce energy consumption and greenhouse gas emissions, and preserve resources for future generations.
- **Research & Development:**  
Investing in research and development, uncovering insights and creating the newest technological innovations for more sustainable solutions.
- **Accountability & Transparency:**  
Continuing to establish aggressive climate change goals and disclosing our progress in accordance with industry-leading reporting frameworks.
- **Policy & Partnerships:**  
Partnering with industry-leading groups and international organizations to drive large-scale climate action across continents.

# Decarbonization

## Our Approach

Our materiality assessment reaffirmed our focus on Innovation & Efficiency and Climate Change as two key areas of opportunity for reducing carbon emissions across our value chain.

Within our value chain, the largest opportunity for GHG reductions is within the use of our products.

In order to reduce our carbon footprint and align with our business priorities, we are committed to:

- **Increasing our focus in R&D.**  
Energy efficiency technologies and the transition to low-global warming potential (GWP) refrigerants will help reduce the greenhouse gas emissions associated with our products in use.
- **Extending cold chains in emerging markets.**  
Embedded emissions from food waste, which account for approximately 4.4 gigatons of GHG emissions globally each year, can be reduced through the adoption of cold chain technologies.
- **Expanding our reach into service.**  
Optimizing product performance to help our customers realize energy and GHG savings.
- **Accelerating the move to Digital.**  
Exploring machine learning and IoT connects products into intelligent systems that learn from user habits and adjust automatically, improving the efficiency of operations.



## EcoEnergy Insights

EcoEnergy Insights is a leading provider of analytics-driven energy management and business outcome services, and part of the Carrier portfolio. It recently launched CORTIX, an advanced artificial intelligence and IoT platform that focuses on strategies to reduce operational costs, improve occupant comfort and safety, and inform smart equipment selections and upgrades. In November 2019, EcoEnergy Insights surpassed the milestone of over 3 billion kWh in overall total energy consumption reduction delivered to customers. EcoEnergy Insights was also recognized by Frost & Sullivan with its Frost Radar® best practices award for Growth, Innovation and Leadership in the global building energy management system (BEMS) segment.

## Our Operations

Since 2006 and while we were part of UTC, we have achieved an annual goal of a 3% absolute reduction in our GHG emissions from operations, also referred to as Scope 1 and 2 emissions. This goal is aligned with the Science Based Target Initiative criteria and is consistent with the aims of the United Nations Intergovernmental Panel on Climate Change (IPCC) and other scientific body guidance on the annual GHG emission reductions necessary to limit average global atmospheric temperature increases to a maximum of 2 degrees Celsius by 2100.

Our strategy for reducing our Scope 1 and 2 GHG emissions centers on optimizing the energy efficiency of our facilities and service fleet. Our facilities routinely conduct energy audits to identify new energy-saving projects. We have also invested in new fuel-efficient vehicles for our service fleet.

## Our Products

Carrier is committed to developing solutions and technologies that reduce energy consumption and GHG emissions. To us, this means reducing our Scope 3 emissions, or the GHG footprint of our customers and others along our value chain.

The [Carrier CO<sub>2</sub>NSERVATION Meter](#) estimates avoided GHG emissions resulting from the installation of high-efficiency Carrier air-conditioning, heating and refrigeration systems and from energy service contracts. From 2000 to 2019, we estimate that our products have avoided nearly 300 million metric tons of greenhouse gas emissions, which is equal to taking more than 60 million cars off the road for one year.

Carrier has consistently invested in energy-efficient technologies and solutions to assist our customers in lowering energy demand and associated GHG emissions. The Carrier CO<sub>2</sub>NSERVATION Meter compares the projected GHG emissions from select Carrier products to emissions from comparable baseline products, with the difference representing the estimated avoided emissions.

We are committed to providing energy-efficient, low climate impact products and solutions for our customers. We are actively engaged with regulatory authorities and trade associations, working collaboratively to pursue and implement industry-wide policies and initiatives that promote greater energy efficiency and lower GHG emissions in buildings.

In 2019, for the fifth year in a row, we released more than 100 new products. These provide integrated and effective services and solutions to customers as they work to achieve their own sustainability goals.



Our recent product highlights include:

**Carrier's HVAC products balance performance with sustainability.**



In 2019, we introduced the first Toshiba Carrier Variable Refrigerant Flow rooftop unit, which delivers greater energy efficiency than comparable models, offers ideal zoned comfort and is relatively easy to install. Another new product, the AquaEdge 19DV, incorporates world-class efficiency and uses an ultra-low GWP refrigerant, with zero ozone depletion and an A1 safety rating. Automated Logic introduced OptiPoint BACnet thermostats, which can be seamlessly integrated with its WebCTRL building automation system, giving occupants an easy way to control their comfort in hotels, dormitories, classrooms and offices.

**Carrier's Transicold products are energy-efficient and low-GWP.**



Carrier Transicold expanded its industry-leading product offerings with the new Vector HE (high efficiency) trailer refrigeration units, which can reduce fuel consumption up to 30% and maintenance costs up to 15%. As the industry's only natural refrigerant-based container refrigeration system, NaturaLINE uses the non-ozone depleting refrigerant CO<sub>2</sub>.

**Carrier's Fire & Security business is constantly innovating.**



Our fire and security businesses are continuing their legacy of protecting people and property. Both Edwards and Kidde were the first commercial and residential smoke alarm manufacturers to meet 2020 UL safety standards – Edwards with its new Signature Optica smoke alarms and Kidde with its new TruSense alarms. Edwards also launched the EST4, an advanced networked fire alarm and emergency communications platform for complex and mid-to-large applications. And Supra has enhanced its TRAC-Mini controller to enable authorized personnel control in offline locations through mobile credentials and Bluetooth technology.

## Research & Development

We have a strong history of innovation across all our businesses. We are prioritizing solutions that address the challenges presented by the megatrends of urbanization, climate change and the food needs of our growing global population.

Innovation in our product portfolio is a strong driver of continued growth because customers increasingly value energy efficiency, sustainability and digitally connected building systems.

Our engineering team is focused on key strategic themes aligned with Carrier's growth strategy: sustainability, service and digital solutions, all in support of addressing global megatrends, expanding our current markets and growing in adjacent ones.

We have close engagement with local, regional and global innovation ecosystems, so we are aware of and are participating in early-stage innovation with startups, universities, innovation hubs and thought leaders.

Since 2014, we have grown our engineering team globally 20% to

**~3,600**  
engineers.

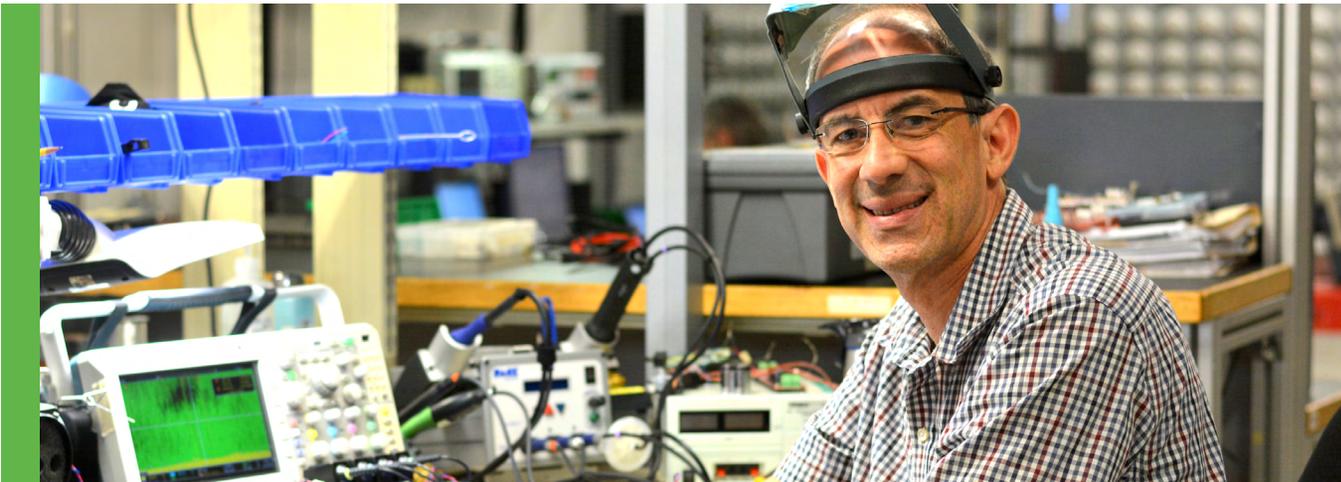
We hold

**~7,000**

active patents and pending patent applications worldwide combined and in the last two years have invested over

**\$800M**

in the development of new products and services.



## Materials & Circularity

We are implementing intelligent design strategies, optimizing our material use, expanding service offerings and closing material loops through product take-back to help drive toward circular solutions. We adopted an ISO 14025 compliant approach to lifecycle assessment in our key European HVAC design centers and are developing similar methods across our global centers.

## Intelligent Design

We innovate to meet the growing demand for intelligent, integrated and efficient solutions that reduce energy consumption and environmental impact. Our design process relies on a thorough understanding of the use and longevity of our products, and, to this end, we analyze field data to improve our products.

Designs that allow for retrofits allow customers to benefit from new technology without having to purchase a new product. Many buildings contain legacy Carrier equipment with years of reliable, efficient service ahead, but was originally designed to use ozone-depleting refrigerants. Carrier offers a service to retrofit existing equipment with a readily available, cost-effective and environmentally preferred alternative.

We also design for remanufacturing, such as remanufactured compressors in our Carlyle business. The staff at our state-of-the-art Stone Mountain facility use sophisticated technology, experience and rigid testing standards to

remanufacture Carlyle compressors into high-quality products that perform optimally and safely.

## Material Optimization

We utilize model-based systems design and develop technologies that help us to optimize our product designs, maintaining performance while achieving the smallest possible material footprint. Material intensity metrics are part of our Design for Sustainability standard work that track relative improvement on a project-by-project basis. And we have already redesigned several products to use resources more efficiently, in connection with our Carrier 600 initiative, which targets the elimination of \$600 million in costs over three years through operational efficiency, digitalization, automation and supply chain productivity.

Some recent examples of material optimization involved micro channel heat exchanger (MCHX) technology, which is an alternative to traditional evaporator coils. These include:

- Reducing coil size in next-generation energy-efficient residential furnace systems by 20-30%, which translates to more energy-efficient units with smaller material footprints and lower manufacturing costs.
- Reducing the coil weight of the AquaForce 30XV air-cooled chiller in North America by 10-17%.

- Reducing the coil weight of the Carrier Transicold PrimeLINE container refrigeration unit program by 70%.

## Services

Carrier is a supporting partner in the [Cooling as a Service Initiative](#), where customers purchase a cooling service and the provider owns the cooling system, maintains it and pays to operate the system. This service incentivizes us to provide the most energy-efficient units, with lower global warming potential emissions, and helps to ensure the appropriate end-of-life management of the system.

We have also launched “Design for Services” as a focus area for engineering, alongside lifecycle assessment standard work, which focuses on digital platforms and analytics.

Service and aftermarket account for over a quarter of our business, and we expect that this growth will continue.



## Take-back & Recycling Programs

To fully close the loop, Carrier has developed programs to support responsible take-back and recycling.

Chubb's Extinguisher Recycling Unit (ERU) offers safe processing and recycling of fire extinguishers in the United Kingdom. The service helps to ensure that 100% of a fire extinguisher is recycled, rather than going to landfill. Last year the ERU recycled over 341,000 extinguishers, which included processing more than 522,000 liters of liquid, 700 metric tons of powder, 38 metric tons of plastic, 168 metric tons of cardboard and 10 metric tons of plastic film.

Carrier's Refrigerant Destruction & Reclamation Program helps destroy harmful chlorofluorocarbons at certified sites in a controlled, effective and accountable manner. Appropriate destruction helps to ensure that these chemicals are not used again or escape to our environment.

## Refrigerants

305-3, 305-4, 305-5, 305-6

We are committed to using low-GWP refrigerants so that we can lower the GHG footprint of our products. Where technically feasible, we will deliver natural or very low GWP refrigerant solutions (GWP<150) and we will continue to evaluate options to expand our offering of ultra-low



GWP solutions (GWP<30). Carrier has products available today to meet the demand for lower GWP solutions, including the sustainable, ultra-low GWP refrigerant solutions of the CO2OLtec, NaturaLINE and PUREtec product families.

- PUREtec HFO refrigerants like R-1233zd(E) with a GWP of less than 1 are Carrier's solution for centrifugal chillers used in HVAC globally. PUREtec HFO refrigerants like R-1234ze(E) are Carrier's solution for screw chillers in Europe. HFO/HFC refrigerant blends like R-513A are alternative Carrier solutions for selected centrifugal and screw chillers used in North America.
- Carrier has identified R-454B, known commercially as Puron Advance with a GWP of 466 – one-fifth of the GWP of R-410A – as our primary lower GWP solution to replace R-410A in all of our ducted residential and light commercial packaged solutions sold in North America.
- We have identified R-32 as our primary lower GWP solution to replace R-410A in scroll chillers. This is expected to result in an 80% reduction in refrigerant carbon footprint.
- CO<sub>2</sub> is Carrier's preferred solution for transport and commercial refrigeration. A safe and non-ozone depleting gas, CO<sub>2</sub> has a GWP of 1 and good energy efficiency in those applications. Carrier has pioneered the use of CO<sub>2</sub> in applications like supermarket refrigeration and marine container refrigeration to sustainably extend the world's food supply.
- Carrier Transicold Europe has collaborated with The Chemours Company to replace R-452A in its transport refrigeration equipment in Europe with a new low-GWP HFO/HFC refrigerant blend solution, starting in 2021. The new refrigerant will have a GWP below 300, which is expected to result in an 85% reduction of the GWP compared with the R-452A refrigerant it replaces.

## Carrier's Healthy Buildings Program

As a founding member of both the U.S. Green Building Council and the International WELL Building Institute, Carrier has long been an industry leader in enhancing building health to promote personal health. Now, it is essential that the world have the solutions and services that enable healthy indoor environments.

[Carrier's Healthy Buildings Program](#) provides an expanded suite of advanced solutions to help deliver healthier, safer, more efficient and productive indoor environments. From products to improve indoor air quality and remote services to manage ventilation in buildings to touchless solutions in public spaces, Carrier is redefining the spaces of the future today.

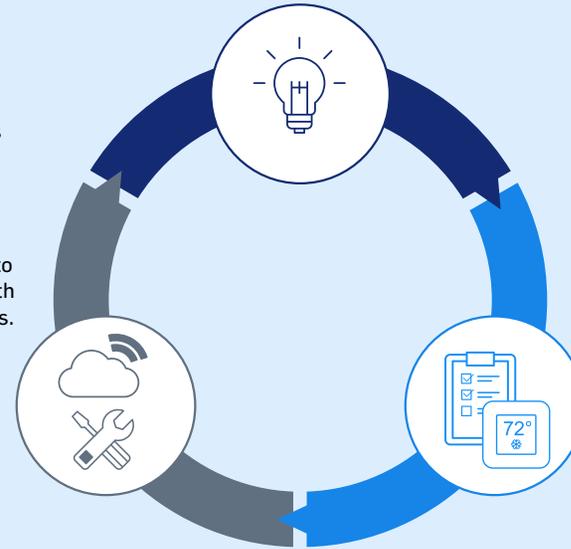
As people return to work, hotels greet guests, schools welcome back students and stores reopen, indoor air quality and safe buildings are of paramount importance. New technologies like microscopic filtration systems and touchless building controls have gone from nice-to-have conveniences to must-have protections. Carrier experts work with customers to design, operate, maintain and upgrade buildings to protect what is most important – the health of those inside.

As we continue to spend more time at home than ever before, it is imperative that we all work together to ensure our living and working spaces are healthy. This includes both the air we breathe as well as the comfort of feeling secure in our spaces. [Carrier Healthy Homes](#) offers a suite of targeted solutions for homes that can help improve the overall health of homes and, in turn, help keep their inhabitants healthy.

## CARRIER'S APPROACH TO HEALTHY BUILDINGS

### OPTIMIZATION

Through advanced controls and digital solutions and services, we help optimize buildings to protect the people inside, enabling continuous improvements to air quality and overall health while reducing energy costs.



### EXPERTISE

Leveraging more than 100 years of experience creating optimal indoor environments, collaborating with academic researchers and global experts, we build on our expertise to lead the way to a healthier future for all buildings.

### ASSESSMENT & IMPLEMENTATION

With products that improve ventilation, comfort, air quality and access, we make the solutions that make healthy buildings possible in all types of environments, from new builds to modernizations and retrofits.



Among the solutions within Carrier's Healthy Buildings Program is the OptiClean Dual-Mode Negative Air Machine and Air Scrubber, which cleans contaminated air and creates pressure to prevent air from spreading to different sections of a building. If negative pressure is not required, the machine can be used as an air "scrubber" to pull air in, remove contaminants and discharge cleaner air back into the room. The product was created at the request of healthcare customers in need of additional infectious isolation rooms.

## HEALTHYBUILDINGS

## HEALTHYHOMES

## Accountability & Transparency

### Climate Resiliency

Climate change affects everyone differently. Extreme weather and climate events are usually isolated to specific geographies, disproportionately affecting those with less infrastructure to combat these challenges.

While we work to mitigate and avoid emissions around the world, we also have a responsibility to understand how climate change affects our business. For this reason, we are conducting a comprehensive climate risk assessment –

consistent with the Taskforce on Climate-related Financial Disclosures (TCFD) reporting framework – to determine the impact climate change is having on Carrier.

We expect to disclose in our CDP disclosure and 2021 Environmental, Social & Governance Report.

We have committed to do our part to reduce the climate impact of our operations and products, which is consistent with the Science-Based Target initiative.

We also support charitable organizations that seek to increase the resiliency of communities in addressing the physical and transitional impacts associated with climate change. For example, we support The Nature Conservancy's initiatives that help cities around the world become more resilient to meet the challenges of a changing climate.



Global demand for residential air conditioning is expected to grow

**3X**

over the next 30 years.

The global demand for residential air conditioning is expected to more than triple over the next 30 years, and in an effort to reduce the climate impact associated with this growth, Carrier has joined [Global Cooling Prize](#). This competition challenges the industry to reduce its climate impact, and to significantly improve the efficiency of current cooling solutions while maintaining affordability.

## Policy & Partnerships

### Climate Policy

Carrier supports climate policies that will drive the transition to low carbon economies. That transition will vary by country and region. In Europe, for example, Carrier supports the 2050 decarbonization policies that achieve deep energy reductions in buildings. In the United States, Carrier is helping to advance climate policy through its membership in the CEO Climate Dialogue and its [six principles](#).



Carrier Transicold & Refrigeration Systems President David Appel discussed the sustainable cold chain and how it can cut food loss and waste during a roundtable session in front of nearly 200 nations at the 31st Meeting of the Parties of the Montreal Protocol.

## Sustainable Cold Chain

It takes more than one company or industry working on its own to succeed in expanding the cold chain. That is why we bring together brilliant minds from around the globe and across disciplines to discuss, debate and inspire. Together, we have made progress – and we are making food waste part of the global dialogue.

- **World Cold Chain Summit:** Founded by Carrier in 2014, the World Cold Chain Summit to Reduce Food Loss & Waste convenes food industry thought leaders and experts in a collaborative environment with the goal of developing opportunities for quantifiable reductions in global food waste, extending global and regional food supplies, and helping to feed and sustain a growing global population.
- **Global Food Cold Chain Council:** As a founding member of the Global Food Cold Chain Council, Carrier has taken an active role in the council's mission to reduce food waste and related GHG emissions while expanding energy-efficient, low-global warming potential technology.
- **United Nations Meeting of the Parties to the Montreal Protocol:** Carrier was among the roundtable participants that signed the Rome Declaration on the Contribution of the Montreal Protocol to Food Loss Reduction through Sustainable Cold Chain Development, which stresses the importance of pursuing international cooperation and promoting the exchange of information on the contribution of the cold chain to sustainable development.

# OPERATIONS

At Carrier, we are committed to protecting what matters – our people and our environment. We actively work to create a world where people can be safe and comfortable by designing, sourcing, producing, marketing and delivering our products and services in a secure, environmentally conscious and socially responsible manner.



# Operational Excellence



## Carrier Excellence

Carrier Excellence is the continuous improvement framework that drives operational excellence across our company, enhances the customer experience to drive growth, engages employees to solve problems and drives improvements to help achieve outstanding levels of business performance.

The foundations of Carrier Excellence are culture, competency and tools:



- **Culture:**  
Carrier Excellence provides a common language across the company to help create satisfied customers, reduce waste and meet business objectives.
  - **Competency:**  
The Carrier Excellence Certification Program provides a framework for managing individual competency progression and documenting training.
  - **Tools:**  
Carrier Excellence tools are methods for managing and improving processes, eliminating waste, identifying and resolving problems, and managing critical decisions and projects.
- Carrier Excellence keeps us focused on delivering outstanding performance by:
- Enhancing the customer experience.
  - Driving value to our shareholders.
  - Delivering best-in-class performance.
  - Engaging employees to continuously improve our processes.
  - Innovating sustainable solutions for the future.

## Digitized Systems in Montluel, France

To improve overall productivity, efficiency and quality, we launched a new manufacturing operation management system at our Carrier HVAC factory in Montluel, France. The new, digitized system connects the entire factory through an easily accessible app that tracks orders at every stage – from placement to delivery – and allows for a more accurate understanding of progression. We can now provide customers with real-time updates and have proactive conversations if changes are needed, which is intended to ensure we are successful in meeting or exceeding their expectations on delivery and quality. Implementing this system is expected to result in initial savings of over \$1.4M.

## Product Safety & Quality

416-1

### Ensuring Product Safety

We earn our customers' trust by delivering safe, high-quality products and services. Our Product Integrity Policy covers product safety and quality, and establishes the governance and coordination within and among our different business units. Product safety practices are supported by standard work that defines responsibilities of the product safety organization.

Each business unit is expected to implement the corporate product safety policy by:

- Appointing a product safety manager and a product safety best practices team.
- Integrating the Carrier product safety risk management system, product safety assurance practices and product safety promotion activities in their businesses.
- Investigating and reporting product safety incidents.
- Creating a product-related incident review board.
- Holding periodic meetings to share product safety best practices.



At the enterprise level, the Carrier product safety organization focuses on safety through the product development discipline and through the identification and resolution of any legacy product safety issues. As a stand-alone company, we have continued our incident review board, comprised of senior executives, that reviews all business unit incidents requiring customer or regulatory communications, with significant focus on both system level and technical product level root cause and corrective actions. These reviews help to ensure a culture focused on consistent, regionally compliant, high-quality product safety actions worldwide. In our product development programs, we use safety hazard analysis as well as focused safety-related failure mode and effects analysis.

We drive continuous improvement in our product and services safety process in a variety of ways, including engaging the support of Carrier's Internal Audit team to assess our product safety culture and awareness in selected business unit sites on a quarterly basis, and by engaging impartial, external safety professionals to periodically assess business level product safety systems and related processes. Twice annually, the Carrier Product Safety Board, chaired by our CEO, reviews business unit and Company-level performance and program health indicators. Product safety and quality deliverables are integrated into all product development programs at Carrier.

## Advancing Product Quality

Our product quality policies and programs set the standards, metrics and processes to help ensure that our products and services meet our commitments to customers. Carrier's Global Quality Manual is the foundational standard for Carrier's manufacturing facilities, [providing policies and standards](#) to help ensure the quality of our products along their lifecycle, including new product development, supplier quality, production, customer use and aftermarket support.

At the enterprise level, our quality organization convenes regularly to review metrics, lessons learned, best practices and business process and policy enhancements. To drive continuous improvement, we set targets for and regularly assess progress toward reductions in the cost of poor quality.

More than **95%** of our global manufacturing sites are ISO 9001:2015 certified.

Our vice presidents of quality are required to annually certify to their respective business unit's quality management system. In addition to customer and regulatory audits, we perform rigorous internal zero-escape health assessment audits. These assessments are reviewed regularly by the quality leadership team and they reflect the most significant aspects of quality throughout the product lifecycle, from design phase, to supplier, to manufacturing to aftermarket.

### Product Development

Every new product is included in Carrier's new product development process, which is a gated process that ensures that cross-functional teams are involved in the development of a product from concept to commercialization. Products will not be released to the marketplace until all specified safety, verification and reliability testing has been completed and approved by an internal review board consisting of executive leadership from engineering, operations, quality, product safety and Environment, Health & Safety.

## Supplier Quality

Our supplier quality organization audits our supply base to ensure that purchased components adhere to our quality standards. The quality organization conducts the production part approval process (PPAP) to ensure a quality design and production process. The organization also manages our Supplier Excellence program which, in collaboration with our suppliers, aims to provide an exceptional level of performance in quality and delivery to our customers.

### Manufacturing & Production

Our factories go through an in-depth quality assessment to ensure compliance with our standards. We track product quality results across three categories: customer quality, factory quality and supplier quality. We set annual goals for each category and track progress.

### Customer Use & Aftermarket

We monitor our products after they have been delivered to our customers by regularly monitoring warranty data and customer feedback. Quality managers regularly review claims data so that we can quickly react to field issues and customer feedback.

# Our Suppliers

409-1, 414-1

Our suppliers are critical to our success. To help ensure that we provide superior products and services in a responsible manner, we require our suppliers to meet our ethical and sustainability expectations as set forth in our [Supplier Code of Conduct](#). The Code outlines what we expect from each of our product and service suppliers and it aligns with the expectations we place on our own directors, officers, employees and representatives. Suppliers are required to sign the Code of Conduct and flow down its principles to their supply base.

## Carrier Preferred Supplier Criteria

Our Supplier Excellence program is a key component of sustained supplier performance. Achieving the Carrier Preferred Supplier rating is an important distinction that brings suppliers considerable benefits and recognition.

First, suppliers can see substantial improvements in their operating performance. Second, suppliers gain recognition across Carrier, as the Carrier Supplier Chain Council – comprised of supply chain executives from each of our businesses – is engaged in the Preferred Supplier certification process. Supplier Excellence is complementary to a supplier’s current lean program and aligns with the Carrier Operating System.

[Carrier’s Supplier Excellence program](#) is a method to differentiate suppliers currently operating with high delivery and quality performance levels. It is a means of recognition for significant continuous improvement efforts and achievements of our suppliers who have achieved world-class levels of performance. The program tracks four levels of performance, with all suppliers expected to be at the “Approved” or “Preferred” levels. Suppliers who are not operating at these levels shall prepare an improvement plan for review with Carrier.

Carrier has embedded sustainability criteria for Preferred Level suppliers, which are incorporated into our [Supplier Quality Manual](#). Suppliers are required to:

1. Have a code of conduct for ethics and sustainability appropriate for its business.
2. Have formal CEO or board-level commitment to continuous EH&S improvement.
3. Use an appropriate, written workplace EH&S management system.
4. Have a current injury incident rate < 3.0.
5. Use root cause analysis following all serious or fatal injuries.
6. Demonstrate annual improvements in its use of energy.
7. Have formal EH&S goals.
8. Demonstrate annual improvements in workplace safety.
9. Demonstrate annual improvements in water use.
10. Include attainment of formal EH&S goals in executive compensation.
11. Demonstrate annual improvements in its waste recycling rate.

Our Supplier Portal shares metrics on performance with suppliers directly, providing timely feedback to drive higher levels of performance and hold underperforming suppliers accountable. To further demonstrate our commitment to our suppliers’ success, Carrier holds annual global and regional supplier conferences as a best-in-class forum to communicate requirements for sustainability, ethics and other key values of our business.

Achieving Supplier Excellence “Approved” or “Preferred” status are critical elements of our strategic sourcing decision process.

### Conflict Minerals

Our Conflict Mineral Policy sets forth our preference to source tantalum, tin, tungsten and gold originating in the Democratic Republic of the Congo region from a smelter or refiner validated as conflict-free by an independent third party.

We support industry-wide initiatives that raise awareness for responsible sourcing of conflict minerals and support the development of conflict-free sourcing, such as the Responsible Minerals Initiative (RMI) where Carrier serves as a Member Partner. We expect our suppliers to comply with all applicable laws and regulations, and assist us in fulfilling our obligations.

Additionally, our contract terms and conditions require that our suppliers comply with the Dodd Frank conflict minerals requirements.

Carrier was part of UTC in 2019. Consequently, UTC [made the requisite disclosures](#) to the U.S. Securities and Exchange Commission that reflected Carrier's compliance, including with the OECD guidelines.

### Supplier Diversity

Carrier recognizes that a key to our success has been our relationships with high-quality diverse suppliers. Our Supplier Diversity Program helps us build and maintain a diverse supplier base that helps drive innovation throughout our value chain. Through it, we establish relationships with qualified suppliers in more than a dozen diverse categories, creating value for our company and our communities.

In 2019, we spent more than **\$495** million with first-tier suppliers in all diverse categories.

In 2019, we spent more than \$495 million with first-tier suppliers in all diverse categories, representing approximately 17% of our supplier expenditures in the United States.



## Environment, Health & Safety Management System

As a part of [Carrier Excellence](#), our EH&S management system and ongoing employee health and safety initiatives help protect our employees and ensure our compliance with applicable laws and regulations. Our EH&S management system also provides a framework for continuous improvement through integrated planning, performance and measurement.



Our EH&S organization, governance and performance expectations are consistent with ISO 14001 and other global EH&S management system standards, including:

- Management and board-level responsibility for environmental, health and safety issues.
- Organizational structure integrating EH&S management throughout the enterprise.
- Compliance with all environmental, health and safety regulatory requirements.
- A formalized EH&S risk management system.

- Data and document quality management, including performance measurement, corrective action monitoring, and metrics reporting.
- Continuous improvement in the protection of our people and reduction of our environmental footprint.
- Employee training.

Program governance begins at the local site level and flows up to our CEO and Board of Directors who oversee program performance against established targets and provide strategic direction.

Our full EH&S policies are available on [our website](#).

# 2020 Sustainability Goals Performance

102-26

We measure the effectiveness of our practices through several key performance indicators – and our dedication to consistent improvement is reflected in the numbers. As an independent company, we have committed to completing the sustainability goals that were established under our prior parent company, UTC, by building on our more than 20-year EH&S legacy of tracking and reporting results in these areas across our operations.

Our current sustainability goals, which were established by UTC and which we have continued to pursue as an independent company, have a baseline year of 2015 and conclude at the end of 2020. These goals measure progress in absolute terms and are not adjusted for organic increases or decreases in production.

We continuously implement sustainable solutions in the design of our products and in our operations, and encourage suppliers, customers and employees to achieve ever greater sustainable outcomes. We are proud to report we have achieved several goals ahead of our 2020 targets.

Goal*	2015 Baseline Year	2016	2017	2018	2019	Progress	Discussion
<b>Reduce GHG Emissions by 15%</b>	470,166 MTCO <sub>2</sub> e*	438,638 MTCO <sub>2</sub> e	440,410 MTCO <sub>2</sub> e	409,371 MTCO <sub>2</sub> e	396,492 MTCO <sub>2</sub> e	<b>15% Reduction: Goal Met</b>	Since 2015, we have invested \$20 million in energy efficiency and GHG reduction projects. This has resulted in avoiding over 55,000 metric tons of CO <sub>2</sub> e from operations.
<b>Reduce Water Consumption by 25%</b>	457,236,874 gal	329,371,113 gal	342,818,590 gal	320,178,037 gal	299,707,985 gal	<b>34% Reduction: Goal Exceeded</b>	We have reduced our water footprint in absolute terms across our global locations.
<b>Implement 100% Water Best Management Practices</b>	–	53%	64%	77%	83%	<b>83% Implementation: In Progress</b>	We established site-specific goals that align with a site's size and water scarcity category, requiring the implementation of up to eight additional best management practices.
<b>Reduce Hazardous Waste Generation by 10%</b>	2,604 MT	1,946 MT	1,851 MT	1,773 MT	2,060 MT	<b>21% Reduction: Goal Exceeded</b>	Each segment, regardless of growth, has been required to reduce its generation of hazardous waste by 2% per year when compared with our 2015 baseline level.
<b>Increase Waste Recycling Rate to 90%</b>	93%	94%	94%	94%	94%	<b>94% Increase: Goal Exceeded</b>	The baseline for this goal was originally established for all of UTC and its businesses, which included Carrier until April 3, 2020. Carrier was recycling above this rate in 2015, and as an independent company will maintain this performance target through 2020, at which point new goals will be established.
<b>Eliminate Use of Chlorinated &amp; Brominated Solvents</b>	3 MT	0.02 MT	4 MT	2 MT	0.3 MT	<b>88% Elimination: In Progress</b>	Our 2020 goal targets the elimination of air emissions from the use of eight specific chlorinated or brominated solvent chemicals if used above a level greater than 100 pounds per year.

\* Carrier baseline is adjusted in the event of reorganization, acquisitions or divestitures

## Energy & Emissions

302-1, 302-2, 302-3, 302-4, 302-5, RT-EE-130a.1

Our commitment to reduce absolute energy and GHG emissions is informed by climate change science, the regulatory landscape and our experience in implementing targeted programs across our global manufacturing facilities.

Since 2006, UTC set an annual expectation, which Carrier as part of UTC followed, that our operations achieve a 3% absolute reduction in their GHG emissions. This goal is consistent with the United Nations Intergovernmental Panel on Climate Change (IPCC) guidance on the annual GHG emissions reductions necessary to limit average global atmospheric temperature increases to a maximum of 2 degrees Celsius by 2100.

Based on our experience and organizational footprint, efficiency improvements in Carrier's use of energy represent the greatest opportunity for us to reduce our Scope 1 and 2 GHG emissions. Since 2019, through our investments in energy efficiency projects, we have reduced our GHG emissions in absolute terms by 55,000 metric tons compared to the 2015 baseline set by UTC. Our worldwide manufacturing locations routinely conduct energy audits to identify additional projects to improve our energy efficiency.

And we work to optimize our service fleet, including using fuel-efficient vehicles.

## Water

303-1, 303-2, 303-3, 303-4, 303-5

Like other companies, Carrier faces increasing global water supply risks due to localized and recurrent droughts, competition for water in water constrained watersheds, climate change and municipal infrastructure limitations. Reducing our water consumption decreases the potential for business disruption and helps to conserve scarce resources.

Our goal for 2020 continues our historic commitments to water reduction by aiming to reduce our water consumption 25%, compared with 2015 baseline levels. To do this, we have established site-specific goals that align with the site's size and water scarcity category. We also implemented water best management practices (BMPs) at our manufacturing facilities, including a water balance and leak detection program.

For nearly 30 years, Carrier has pursued goals aimed at reducing our global environmental footprint.

Since 2015, we have achieved a

**15%**  
absolute reduction in our global  
GHG emissions – a total of  
**55,000**  
metric tons,

and a

**34%**  
absolute reduction in our global  
water use – a total of  
**157**  
million gallons.

## Waste

306-1, 306-2, 306-3, 306-4, 306-5, RT-EE-150a.1, RT-EE-150a.2

Our waste management program is designed to reduce our waste generation and impact on the environment through three actions:

### Best Management Practices

We require each manufacturing facility to implement 10 waste BMPs to drive reductions in waste volume, provide effective management of specific waste streams, including acids, alkalis and machine coolants, and increase recycling of materials.

## Hazardous Waste Reduction Target

Hazardous waste represents less than 10% of our total waste generation but poses significant potential risk to the environment. The risk also extends to the required regulatory compliance and the overall cost of managing waste reduction.

Our 2020 goal requires each business unit, regardless of its growth, to reduce its generation of hazardous waste by 2% per year when compared with the 2015 baseline level that was set when we were part of UTC. Importantly, since 2015, we have reduced our hazardous waste output by more than a million pounds.

## Recycling Target

More than 90% of the waste we generate each year is non-hazardous and includes commodities such as metal, wood, paper and glass. Our 2020 goal aims to recycle 90% of industrial waste across our factories and operations. This goal is the latest iteration of our historic commitment to recycling, which was first quantified as a formal target in 2006 by UTC.

## Carrier Gurgaon Facility, India

Carrier's Gurgaon manufacturing facility is home to a team committed to achieving world-class performance in all EH&S metrics and initiatives. Through a combination of technological advancements and stringent regulatory compliance, the Gurgaon facility has demonstrated year-over-year reductions in all key EH&S metrics.

Since 2015, the facility has successfully reduced its absolute impact in the following areas:

Energy use by  
**22%**

Water use by  
**25%**

Non-recycling waste by  
**38%**

The teams implemented a number of projects to achieve these reductions, including incorporating Kaizen events for processes, building two solar power installations and encouraging employee ideas and participation. The Gurgaon location is certified by the Indian Green Building Council as a Gold certified factory.



## Workplace Health & Safety

403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Workplace health and safety is a fundamental indicator of sustainable performance. Our approach to workplace safety is built on three principles:

1. Health and safety is a responsibility shared by all employees, from senior leaders to workers on the manufacturing floor and remote job sites.
2. Workplace safety requires continuous discipline and focus.
3. Leading indicators help focus our attention on areas where risks and injuries can emerge over time, helping us to eliminate workplace hazards, including exposure to potentially harmful chemicals.

Our health and safety policies and programs reflect our corporate commitment to workplace health and safety through a variety of measures, including:

- Deliberate actions to provide our employees and contractors a workplace free from injury and illness.
- Leadership allocation of necessary resources to support the implementation, continuous improvement and sustainment of our EH&S Management System.



- Fostering active participation and engagement of all employees.
- Stimulating a culture of hazard awareness and prevention that drives to zero incidents.
- Governing our operations to ensure performance above and beyond compliance with all applicable laws, regulations and permits globally.
- Ensuring the mitigation of EH&S impacts in all business decisions.

### Building a Culture that Protects our People

We are committed to sustaining a culture that protects our people. All employees on the manufacturing floor or in field installations and repairs are trained in workplace health and safety policies and procedures, and each is responsible to report potential workplace hazards and unsafe conditions.

We have established health and safety committees at each of our sites and business units. They meet regularly to direct and coordinate

EH&S initiatives. Their activities include reviewing and updating programs, identifying new program initiatives and policies, conducting evaluations, assessing progress to goals, reviewing compliance assessments, and initiating recommended actions for employee health and safety engagement and communications.

We measure the effectiveness of our health and safety programs using a variety of metrics, including total recordable incident rate (TRIR) and lost-day incident rate (LDIR).

	TRIR <sup>1</sup>	LDIR <sup>2</sup>
<b>2015</b>	0.39	0.08
<b>2016</b>	0.41	0.09
<b>2017</b>	0.38	0.09
<b>2018</b>	0.46	0.08
<b>2019</b>	0.41	0.09

<sup>1</sup>TRIR: Number of fatalities, lost day cases, restricted duty cases and medical treatment cases X 200,000 / Total Hours Worked

<sup>2</sup>LDIR: Number of lost day cases X 200,000 / Total Hours Worked

## Reducing Ergonomic Risk

403-2, 403-3

Reducing ergonomic hazards represents one of the biggest areas of opportunity for Carrier. We know we can reduce future injuries by eliminating these risks. Our goal is to reduce ergonomic risks assessed at high or medium by 50% by 2020, against our 2015 baseline, which was established when we were part of UTC, and as measured by a formal ergonomic risk assessment.

## Reducing Workers' Exposure to Hazardous Substances

403-2, 403-3

Between 2006 and 2015, when we were part of UTC, we reduced our use of more than 75 targeted chemicals, including volatile organic compounds, by 70% or more. In 2015, when we were part of UTC, the company had set a 2020 goal to focus on a handful of the original chemicals that remained in use and represented a significant risk to worker safety and air emissions stewardship.

As a stand-alone company, our 2020 goal targets the elimination of air emissions from the use of eight specific chlorinated or brominated solvent chemicals if used above a level greater than 100 pounds per year.

As a stand-alone company, our 2020 hazardous substance goal builds on the significant progress we have made in reducing employee workplace hazards. Recent efforts enabled us to reduce exposures to chemicals and industrial noise levels in our facilities for approximately 80% of our employees to levels that no longer require the use of personal protective equipment. In 2015, UTC expanded the program to reduce potential employee exposures to carcinogens, reproductive toxins and endocrine disruptors (CREs) to levels below regulatory requirements. Our goal as a stand-alone company continues to be to reduce hazardous substance exposure levels to less than 50% of occupational exposure limits<sup>1</sup> or to a qualitative exposure assessment score of moderate or below.



Goal*	2015 Baseline Year	2016	2017	2018	2019	Progress	Discussion
<b>Reduce Ergonomic Risk by 50%</b>	—	18%	40%	51%	62%	<b>62% Reduction: Goal Exceeded</b>	Our goal as a stand-alone company continues to be to reduce ergonomic risks assessed at high or medium by 50% by 2020, as measured by a formal ergonomic risk assessment.
<b>Reduce Workers' Exposure to Hazardous Substances</b>	—	68%	84%	60%	90%	<b>90% Reduction: In Progress</b>	Our goal as a stand-alone company continues to be to reduce all hazardous substance exposure levels to less than 50% of occupational exposure levels, or to a qualitative exposure assessment score of moderate or below.

<sup>1</sup> Occupational Exposure Limits (OEL) are defined as the lowest of the following: the American Conference of Governmental Industrial Hygienists Threshold Limit Values, or manufacturer recommended or regulatory exposure limit for chemical, physical and biological agents. Note that the implementation of workplace control measures (substitution, engineering controls or administrative controls) is required in situations where exposures exceed the OEL. Respiratory protection is provided to ensure 100% of employee exposures are below the OEL where engineering controls and administrative controls have not achieved the desired reductions.

\* Carrier baseline is adjusted in the event of reorganization, acquisitions or divestitures

\*\* Baseline

## Our Facilities

In each of our locations, we lead with policies, processes and practices intended to create safe and sustainable environments for our entire workforce.



Our commitment to sustainability begins with where we work. Our green building footprint spans the globe:

**8** LEED Factories | **10** LEED Offices



## Center for Intelligent Buildings

In 2019, the Center for Intelligent Buildings, Carrier's world headquarters located in Palm Beach Gardens, Florida, became the first commercial building in the state to earn LEED Platinum certification from the U.S. Green Building Council, under the version 4 green building rating system.\*

The first-of-its-kind technology, innovation and collaboration center showcases Carrier products and integrated systems from across our portfolio of brands, bringing to life all the ways we are building possible around the world. The Center for Intelligent Buildings is designed to the highest sustainability standards, resulting in a reduction of:

Water use by	<b>25%</b> Inside	<b>100%</b> Outside	Energy use by	<b>60%</b>	CO <sub>2</sub> output by	<b>60%</b>
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\* Compared with a baseline design, as defined by the LEED rating system

# OUR PEOPLE & CULTURE

Our ~53,000 employees are the heart of Carrier – united by *The Carrier Way* purpose, values and culture. Ours is a company of innovators, problem-solvers and – quite simply – remarkable people.



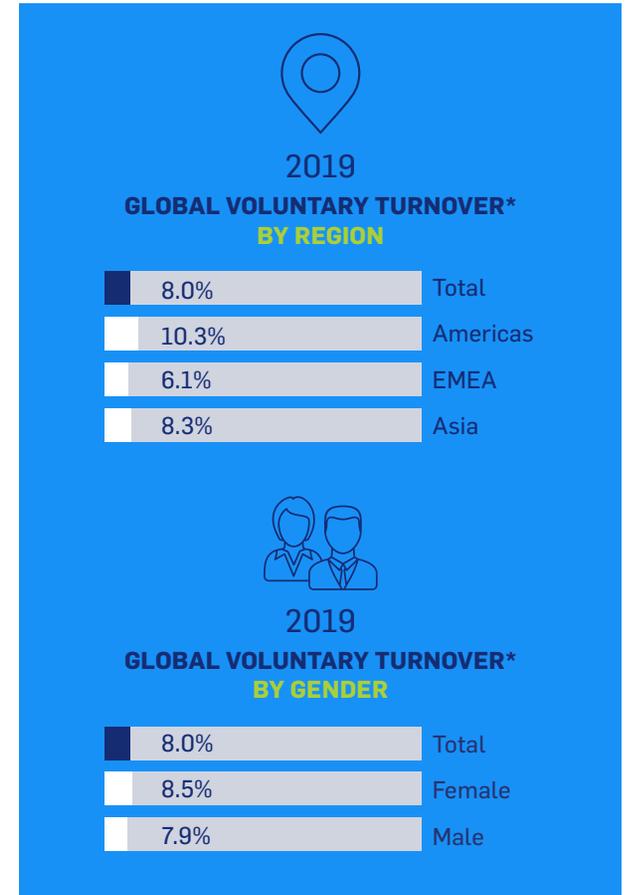
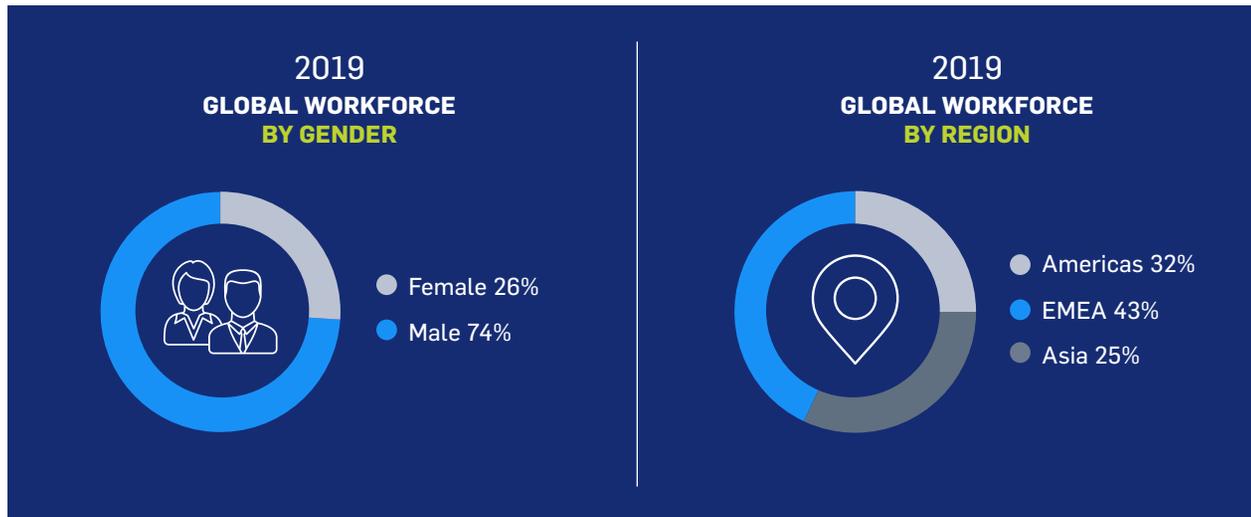
# Employer of Choice

401-1, 401-2, 401-3, 404-1, 404-2, 404-3

Among Carrier's greatest assets are the expertise, creativity and passion of our employees. As an employer of choice, we strive to provide a great place to work that attracts, develops and retains the best talent, promotes employee engagement, fosters teamwork and ultimately drives innovation for the benefit of our customers. We strive to create an environment where all feel that they

belong. We believe diversity and inclusion are the engine to growth and innovation.

We do this by developing and deploying best-in-class programs and practices, providing enriching career opportunities, listening to employee feedback and always challenging ourselves to do better.



\* Includes global voluntary turnover for permanent employees; does not include temporary employees

## Development & Career Progression

We work toward continuous improvement in everything we do, as a company and as individuals. We invest in our employees, develop and challenge them so their careers can progress, and we can grow together.

### Early Career Programs

Carrier offers unparalleled opportunities for college students and recent graduates. Early career job opportunities are available throughout our business segments through internships, early career programs and formal two-year rotational development programs in engineering, operations, digital technology, finance and others. Our goal is to engage early career professionals to become passionate about what we do as they contribute to our Carrier business goals.

Through our **Internship Program**, students learn about our industry-leading products and gain hands-on experience creating innovative solutions by working with mentors and senior leaders.

In 2019, we welcomed over **650** interns in our operations around the world.

Our **Rotational Development Programs** are designed to give recent graduates the opportunity to learn and grow. Each program includes three eight-month rotations in different disciplines such as operations, digital technology, finance and others, allowing participants to build on education and experience through structured programs. Whether it is through work experience, seminars or mentoring and guidance from Carrier leaders and program alumni, our rotational programs stretch employee capabilities, enhance learning and develop future leaders.

Last year more than **50** recent graduates participated in Carrier's Rotational Development Programs.



Our **Engineering Graduate Hire Program** is a one-year program that offers a hands-on engineering experience in a closely mentored cohort. Through the program, associates obtain career development opportunities and exposure to leadership while continuing to develop a strong professional network. Once the program is completed, program participants graduate with opportunities to grow their engineering careers at Carrier.

Through our **University On-Campus Recruiting Program**, and university engagement, we are focused on attracting the best talent to Carrier and providing rewarding career opportunities.



### Leadership Development Program, *Talent Possible*

To develop and advance the careers of our future leaders, Carrier offers the Talent Possible suite of development programs. This is our flagship program for current and future leaders, which captures leadership development needs at three critical stages of their careers – early career, mid-career and senior leadership. From building trust to managing priorities and guiding collaborative discussions, each program within the Talent Possible suite focuses on the unique skills leaders need to support themselves and their teams.



#### Discover Your Possible

Geared towards our **early career talent**, this program consists of development sessions covering a variety of leadership topics critical to building leadership capability early in one's career, including building trust, managing priorities, guiding collaborative discussions and leading effective meetings. Designed for early career professionals who have future leadership potential, these sessions are interspersed with job-related application activities, app-based reinforcement and a partner skills practice session.



#### Connect Your Possible

Designed for our **mid-career talent**, this newest addition to the *Talent Possible* suite is being launched this year and will provide foundational skills covering topics such as how to be an accountable leader in the digital age, and will equip them with the mindsets, skills and tools they need to achieve organizational and personal objectives.



#### Lead Your Possible

Designed for our **senior leaders** with potential for growth to broader leadership roles, this program focuses on developing the mindset, skills and strategy for effectively leading diverse and complex teams, priorities and organizational initiatives.

### Challenging Job Opportunities Across the Globe

Learning at Carrier spans the full lifecycle of a career and occurs both formally and informally. Employees can advance their careers through new opportunities across our segments, in our many functional disciplines and throughout the geographic regions where we do business. A network of people, systems and processes guides them as they explore their options.

#### Leadership Development Reviews

Each year Carrier deploys and conducts its annual Leadership Development Review (LDR), a process where senior leaders across the globe discuss and review our talent and succession plans for key leadership positions, allowing us to see where we have a talent bench, and where we can improve.

This process also allows us to identify key future leaders, discuss strengths and development opportunities, and focus on development.

### Continuous Learning, the **Employee Scholar Program**

Carrier offers one of the most comprehensive and generous company-sponsored employee education programs in the world. Available to our global workforce, Carrier's Employee Scholar Program (ESP) covers the cost of a student's tuition, academic fees and books at approved universities. Since UTC launched ESP more than two decades ago, we have invested more than \$156 million to advance our employees' formal education. And that investment has paid off. More than 8,500 degrees have been earned by employees in more than 50 countries since 1996. Currently, there are more than 630 employees enrolled in the ESP.

We are building on our success by ensuring that the degrees pursued are relevant to employment opportunities at Carrier so that our employees can advance and take on new challenges within our company.

### Employee Training, **The Learning Portal**

Each year our employees complete thousands of hours of training through internal training programs, web-based e-learning, virtual classrooms and external seminars. Our **Learning Portal** is a global tool that connects employees with training and development opportunities to enhance their skills in areas such as leadership, ethics and job- or function-specific programs.

With access to our Learning Portal, Carrier employees can choose from over 47,000 online courses from industry-leading training providers. The portal enables learning on the go with mobile access, and offers courses in multiple languages, supporting employee growth and development all over the world. And we survey participants to understand how we can continue to update and adapt our offerings for effective learning.

In 2019, our employees completed **58K+** hours of online learning.

## Carrier Employee Scholar Program

The world of work continues to evolve and we do, too. Learning never ends at Carrier, and our commitment to invest in our people helps us make modern life possible.

Our Employee Scholar Program provides Carrier employees with the opportunity to expand their knowledge and learn new skills to remain competitive. One of the most comprehensive and generous company-sponsored employee education programs in the world, the Employee Scholar Program covers the cost of a student's tuition, academic fees and books at approved universities.

**\$156M+**

invested since inception in 1996

**50+**

countries with employee participation

**~8,500**

degrees earned

**630+**

current participants



# Culture & Engagement

102-16

## Our Culture, *The Carrier Way*

*The Carrier Way* outlines our VISION, reaffirms our VALUES and defines the behaviors that create a winning CULTURE, and establishes how we work and win together, while never compromising our values. *The Carrier Way* is at the center of everything we do, and how we engage and focus all our employees, globally, toward one purpose.

## Performance Management and Development

Our performance management and development program sets the stage for our employees to perform at their very best, while developing their careers at Carrier.

We follow an annual cycle which is composed of two stages. At the beginning of the year, during our first *Connect* meeting, we set clear goals for employees that are aligned with Carrier’s winning strategy. During the course of the year supervisors and employees hold “*Check In*” meetings to discuss how things are going, where we need to adjust and re-prioritize, and it is also where managers provide ongoing and candid feedback

**VISION**  
Our aspiration; why we come to work every day.  
Creating solutions that matter for people and our planet.

**VALUES**  
Our absolutes; always do the right thing.  
Respect Integrity Inclusion Innovation Excellence

**CULTURE**  
Our behaviors; how we work and win together, while never compromising our values.

<b>Passion for Customers</b> We win when our customers win.	<b>Achieve Results</b> We perform, with integrity.
<b>Play to Win</b> We strive to be #1 in everything we do.	<b>Dare to Disrupt</b> We innovate and pursue sustainable solutions.
<b>Choose Speed</b> We focus and move with a bias for action.	<b>Build Best Teams</b> We develop diverse teams, and empower to move faster.

on performance and development. Finally, at the end of the year, we do a *Connect* meeting where we take stock of how we have performed against those goals, and we get ready for the year to come. Integrated as part of this supervisor-employee process is an ongoing discussion of how employees are doing against *The Carrier Way* expected values and needed behaviors for the cultural change journey.

The entire focus of the program is substance over form, with a greater emphasis on the discussion between supervisors and employees regarding goals, feedback and development – quality and candid discussions – and less on ratings or heavy documentation.

## Employee Engagement, Pulse Survey

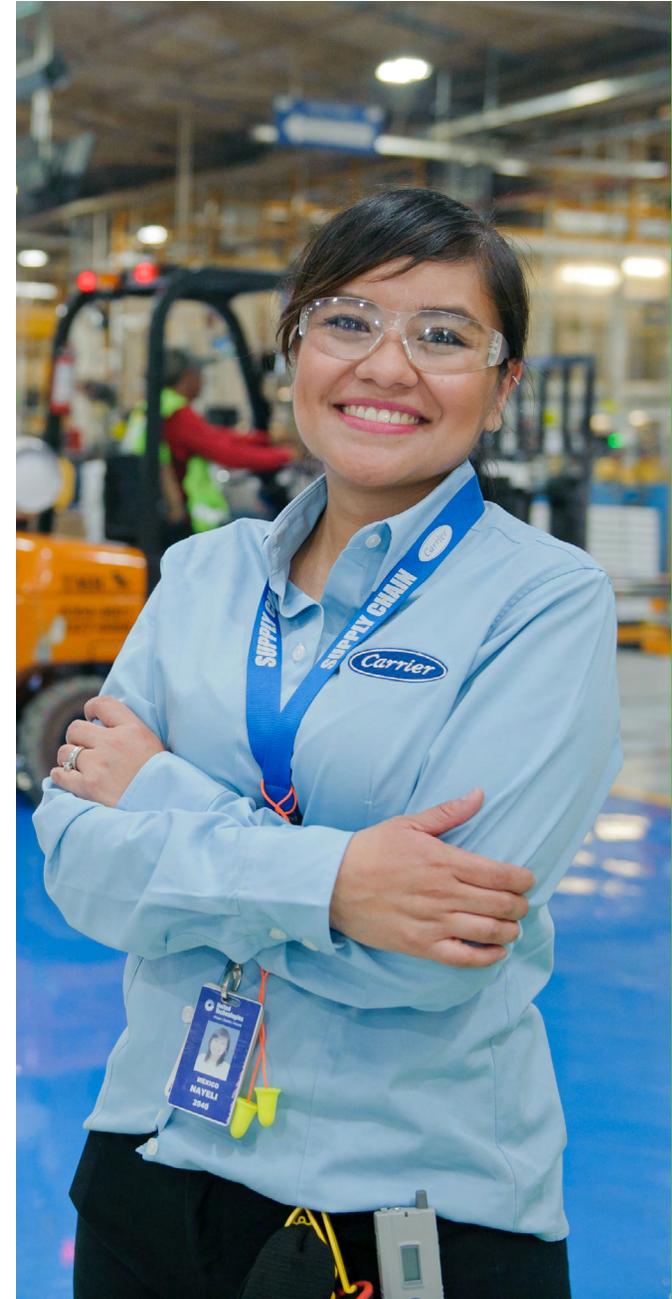
At Carrier, our employees are our greatest asset and the force that drives our success. We understand the importance of ensuring that employees feel valued and engaged, and we are committed to hearing their voices. Our goal is to capture feedback that can be translated into actions.

We do this multiple times during the course of a year through a global engagement survey called **Pulse**. Conducted online, and in local languages, Pulse surveys are regular opportunities for employees to provide confidential and honest feedback. Surveys are intentionally short so we can quickly analyze results and translate them into insights to facilitate quick action. We transparently share the results of each survey with employees

and managers, allowing us to collaborate and develop actions that enhance our culture, together.

In October 2019, our last Pulse Survey for 2019, our results showed that:

- Participation:**  
 33,000, or 59%, of our employees participated in the Pulse survey. This includes participation by more than 12,000 employees working in our manufacturing, supply chain and quality teams.
- Engagement:**  
 On the key success score question *How Happy Are You Working at the Company?*, our score was 70, just 2 points below the benchmark of 72. As a new public company in 2020, Carrier's success score on the same question moved to 73, above the benchmark.



# Diversity & Inclusion

405-1

Our greatest strength is the diversity of our people and their ideas. We work hard to build a culture where all employees are valued, and everyone feels genuinely included. We have a robust talent acquisition process to attract talent from the diverse, global marketplace, and we foster an inclusive culture that drives employee engagement, retention, teamwork and innovation.

As a global company, we seek to recruit, develop and promote our employees around the world valuing cultural differences, varied perspectives, backgrounds and experiences. We believe diversity and inclusion are a source of innovation so we work to elevate the voices of all employees while standing against discrimination and inequality in any form.

We are proud to say that our efforts to build a diverse workforce are yielding results. Since 2015, we have successfully increased our percentage of global women executives and U.S. people of color executives and professionals.

After becoming a new public company in 2020, Carrier launched our Diversity & Inclusion strategy consisting of four key tenets with associated actions.

**Reduce the Gap.** We are very focused on reducing the gap by recruiting more diverse talent to Carrier, starting with expanding our engagement with historically black colleges and universities (HBCUs) and other professional associations, and progressing diverse talent faster in the organization.

Carrier's Board of Directors  
is **25%** diverse.\*

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Carrier direct reports to the CEO  
are **>50%** diverse.\*

\* Women or people of color

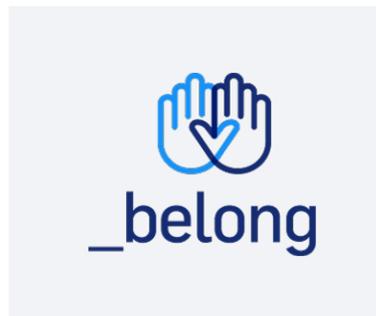
	2015	2019
<b>WOMEN EXECUTIVES</b>	<b>20%</b>	<b>31%</b>
<b>U.S. PEOPLE OF COLOR EXECUTIVES</b>	<b>13%</b>	<b>20%</b>
<b>U.S. PEOPLE OF COLOR PROFESSIONALS</b>	<b>18%</b>	<b>22%</b>

**Develop & Sponsor.** Developing and sponsoring are critical to our journey. In 2020 our CEO will be leading a Leadership Development Review dedicated to diversity, and our senior leaders are expected to actively sponsor and mentor diverse employees who will be identified through this process.

**Drive Inclusion.** Key to inclusion is to listen and learn, and to focus on education and training of leaders and employees across the organization. Through Employee Resource Groups, fireside chats, listening sessions and unconscious bias

training we are focused on driving a culture of inclusion throughout the company. As always, there is zero tolerance for any form of discrimination, and we provide employees anonymous reporting channels to report incidents of racism or discrimination.

**Lean Forward.** We celebrate our diversity and communicate authentically and transparently about our progress toward inclusion and continuously look for new ideas to make Carrier a truly inclusive workforce.



Carrier aspires to create a workplace that is truly and genuinely inclusive, one that inspires and encourages everyone to bring their authentic selves to work, every single day. Our ultimate goal is simple – we want each and every Carrier employee to feel like they **\_belong**.



### Diversity Development Programs, **ELEVATE**

A key part of our Diversity & Inclusion strategy is the focused development of our affinity employee groups. In 2019, Carrier launched the **ELEVATE** development platform, starting with **ELEVATE Women in Leadership**, a one-of-a-kind program created to accelerate and elevate women into future leadership roles. Comprised of more than 80 Carrier women from across 16 countries, the program offers immersive development and learning opportunities through hands-on seminars, executive sponsors, dedicated coaching and access to high-impact career opportunities. We are continuing this successful program after becoming an independent public company and in 2020 we announced the launch of **ELEVATE for Black Leaders** and plan to expand to some other affinity groups.



### Women in Leadership, **Paradigm for Parity Pledge**

We recognize the impact of a diverse leadership team on our performance, and we believe women must have equal opportunities to grow and lead. We proudly support **Paradigm for Parity**, a coalition of business leaders dedicated to addressing the corporate leadership gender gap. Made up of CEOs, senior executives, founders, board members and business academics, the coalition is committed to achieving a new norm in the corporate world: one in which women and men have equal power, status and opportunity. Carrier has pledged to achieve gender parity in senior leadership roles by 2030, and we are establishing programs and supporting partnerships to help achieve this goal.

### CEO **ACT!ON** FOR DIVERSITY & INCLUSION

#### CEO Action for Diversity & Inclusion™ Pledge

**CEO Action for Diversity & Inclusion** is the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. This commitment is driven by a realization that addressing diversity and inclusion is not a competitive issue, but a societal issue. Recognizing that change starts at the CEO level, more than 1,000 CEOs of the world's leading companies and business organizations are leveraging their individual and collective voices to advance diversity and inclusion in the workplace. As a signatory to [the CEO pledge](#), Carrier commits to cultivating a trusting environment where all ideas are welcomed, and employees feel comfortable and empowered to have discussions about diversity and inclusion.

#### Diversity Leadership Development Reviews

The continued success of Carrier depends on our ability to continue to attract, develop, retain and engage the very best talent. That is why we are committed to fostering a diverse, inclusive workforce. It is not just the right thing to do, it is imperative for a growing global business. As a key tenet to our Diversity & Inclusion strategy, our targeted Diversity & Inclusion Leadership Development Reviews are aimed at identifying, developing, sponsoring and promoting diverse talent throughout the company.

## Employee Resource Groups

Carrier is dedicated to the needs of each employee and proactively works toward delivering an inclusive environment in the workplace. We see Employee Resource Groups (ERGs), reflecting the diversity of our workforce and representing Women, Black, LGBTQIA+, Hispanic, Asian Pacific, Ability, Military and Veterans, as a critical lever to make our global employment brand come to life.

We continue to evolve and mature our Carrier-level ERGs: *Pride*, *Carrier Women*, *Carrier Black Alliance* and *CHEER (Carrier Hispanic Employee Enhancement Resource Group)*. Our ERGs operate with a formal leadership structure, a steering committee, senior leadership sponsorship, and a defined mission statement that is aligned with supporting Carrier's business strategy.

Great ideas have the power to change the world – and the next great idea can come from anyone and anywhere. Through ERGs, our employees have the opportunity to create and lead grassroots efforts to solve problems and enhance our position in the marketplace.



# PRIDE at Carrier

The Pride at Carrier ERG brings awareness to workplace equality and inclusion, regardless of sexual orientation or gender identity. Membership is inclusive to all supporters, friends and allies of the lesbian, gay, bisexual, transgender and questioning (LGBTQIA+) community.

In addition to supporting and participating in community events all year long, Pride at Carrier celebrated Pride Month by recognizing the impact of the LGBTQIA+ community. Employees from around the company demonstrated their commitment to diversity and inclusion by participating in flag-raising ceremonies, ally pledges and other celebratory activities throughout the month of June.

## Total Rewards

Carrier total rewards philosophy supports our business strategy of attracting, motivating and retaining top talent by being market competitive, aligning rewards to both individual and company performance, and remaining flexible to support changing business needs.

Around the world, we want our employees to feel fulfilled at work and in their personal lives, and we are committed to offering competitive benefit programs for all of our employees, monitoring new market developments and enhancing our programs when necessary. The individual plans that make up Carrier's benefits are designed to balance immediate needs, such as paying for health care, with longer-term focus, like planning for retirement.

In most countries, we offer a company-paid Employee Assistance Program to help employees and their family members deal with life's challenges, including stress, anxiety, depression, marital/family issues, substance abuse, child and elder care solutions, and legal or financial issues.

In coordination with each country's social welfare system, and in addition to any required local health care participation, we may provide additional benefits based on the market competitiveness in that country. We meet all local regulations related to benefits.

Additionally, to encourage preventative screenings and healthy behaviors, U.S. employees are eligible for financial rewards in exchange for completion of a health screening/biometric assessment, or annual physical. Our telemedicine program makes care accessible to employees 24/7, wherever they may be.

In addition to our global Employee Scholar Program and professional development opportunities, our [U.S. employee benefits](#) include:

- Retirement Savings Plan
- Health Insurance
- Time Off and Additional Vacation Options
- Parental Leave
- Flexible Work Arrangements
- Employee Assistance Program
- Part-time Benefits
- Adoption Assistance

At Carrier, diversity and inclusion are the cornerstones of our values. For our U.S. employees, we offer benefits for eligible opposite gender and same-gender domestic partners of employees, as well as their eligible dependents.



# COMMUNITIES

413-1, 413-2

Carrier is committed to making the world safer and more comfortable for generations to come. As we innovate to solve for the planet's critical challenges, making a positive impact in our communities around the world is core to our purpose.



In 2019, we supported more than 250 civil, cultural, economic and social welfare organizations around the world. We also invested \$3.8 million in our communities, including \$630,000 raised through the Carrier Employee Matching Gifts Program, a dollar-for-dollar charitable donation matching program.



## OUR FOCUS AREAS

As a global leader in HVAC, refrigeration, and fire and security systems, we bring our unique knowledge and expertise to community areas where we can have the greatest impact. In compliance with our [Philanthropic Donations Policy](#) we support organizations that drive societal change in the following areas:

<b>Science, Technology, Engineering, &amp; Mathematics (STEM) Education</b>	Developing the next generation of engineers, researchers, scientists and trade technicians.
<b>Sustainable Urbanization</b>	Promoting environmental responsibility through sustainable building practices in urban areas, including climate resiliency, energy efficiency and water conservation.
<b>Safety &amp; Security</b>	Fostering safe communities through fire and crime prevention.
<b>Hunger &amp; Food Waste</b>	Alleviating hunger and reducing food waste.
<b>Diversity &amp; Inclusion</b>	Advancing diversity and minority inclusion in business.
<b>Disaster Relief</b>	Supporting basic living requirements and/or rebuilding efforts in times of need.
<b>Vibrant Communities</b>	Improving the well-being of the communities in which we operate and engaging community-based volunteer programs.

## Programs with a Purpose

We are proud to give back to our global communities through our time, talents and resources. We leverage our global networks to make positive and profound differences for communities, and partner with leading organizations who share our mission of making the world a better place:

- We have a three-year partnership with [The Nature Conservancy](#) to support global projects and online learning curriculum designed to promote science-based solutions to make the cities of tomorrow resilient, healthy and equitable. We have committed to projects where our employees will help fight global climate change, restore coastal habitats and support water security quality. We are also helping students learn about the natural world with support for Nature Lab, an online curriculum program for teachers and families, with virtual field trip videos and activities designed by educators for students K-12.



- Of the 12 cities on the World Health Organization's index of cities with highest air pollution rate, 11 are located in India. We believe everyone has the right to clean air, so last year we launched our [United for Air](#) initiative in India, with the goal of improving air quality through awareness, engagement, monitoring and preventive actions.
- Focused on promoting sustainability for early education students, Carrier's Green Shoots program connects employee volunteers with local classrooms to teach interactive science and health classes, enhancing environmental stewardship and healthy living habits. To date, the program has benefited thousands of children in primary schools largely in Asia, including China, India, Indonesia, Japan, Korea, Malaysia, Myanmar, Singapore, Thailand and Vietnam.
- Carrier Transicold designs and manufactures technologies that transport fresh food from farms to markets, and supports organizations focused on eliminating hunger. Through a grant program with the Feeding America Network, food banks across seven states benefited from a Carrier donation in 2019.
- We are focused on making our communities safer, and that is exactly what Kidde is doing through its Operation Save a Life program. In 2019, Kidde donated more than 90,000 alarms in 19 cities across the United States. Throughout its more than 20-year history, Kidde has donated 1.6 million smoke and carbon monoxide alarms to fire departments.



## Community Engagement

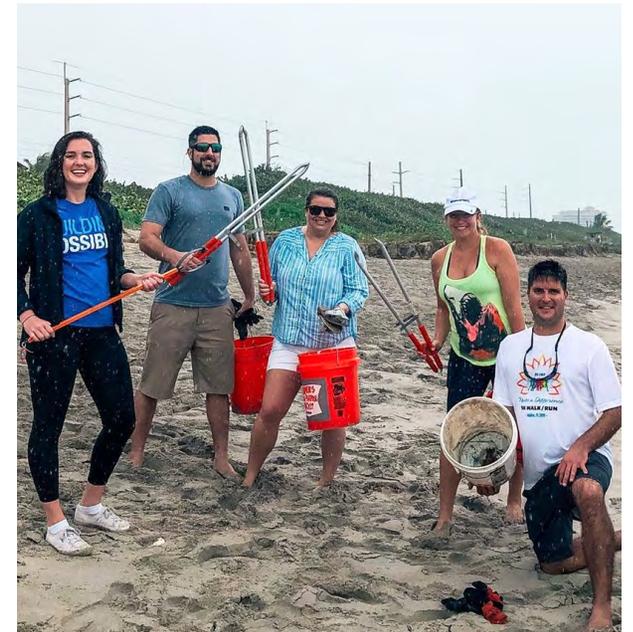
Each year, Carrier volunteers with local organizations in the communities where we live and work. Thanks to the expertise, creativity and passion of our employees, we are making a difference in all of the places we call home:

- Since 1994, our employees have helped build more than 140 Habitat for Humanity® homes around the world, including the U.S., South Africa and the Philippines. In 2019, Carrier participated in Habitat for Humanity's Jimmy & Rosalynn Carter Work Project for the second consecutive year, where hundreds of employees helped build a north Nashville housing community alongside the former U.S. president and first lady. For each of the 21 homes built, Carrier also donated an Infinity 16 Heat Pump system paired with an Infinity System Control for even greater potential energy savings.



- Our employees have a particular interest in skills-based volunteerism, so we are supporting them through collaborations with leading STEM nonprofits, like FIRST robotics. In 2019 our employees mentored 27 FIRST teams comprised of dozens of students who aspire to be the next generation of engineers, scientists and advanced manufacturing professionals.

- Our employees recognize the importance of conserving our oceans and protecting threatened and endangered species. Just five miles from Carrier's world headquarters is Juno Beach, one of the most active sea turtle nesting beaches in the world. In 2019, our employees volunteered to clean up the beach, and we also sponsored the rehabilitation of a juvenile loggerhead sea turtle, a patient at the Sea Turtle Hospital at Loggerhead Marinelife Center.



# GOVERNANCE

We are committed to strong corporate governance practices that are designed to maintain high standards of oversight, accountability, integrity and ethics, while promoting long-term growth in shareowner value.

These standards are reflected in our [Code of Ethics](#), [Governance Guidelines](#), [Enterprise Risk Management processes](#) and in our commitment to transparent financial reporting and strong internal controls. Our governance structure enables independent, experienced and accomplished directors to provide advice, insight and oversight of our business.



# Governance Frameworks

102-8, 102-20, 102-23, 102-26, 102-29, 102-30

Our corporate governance provides the framework for building a culture of integrity and ethical behavior everywhere we do business. Our Board of Directors, Executive Leadership Team and policies guide our actions and govern the relationships among employees and with our customers and communities.

## Our Leadership

Our eight-member [Board of Directors](#) includes our Executive Chairman, President & Chief Executive Officer and six independent directors.

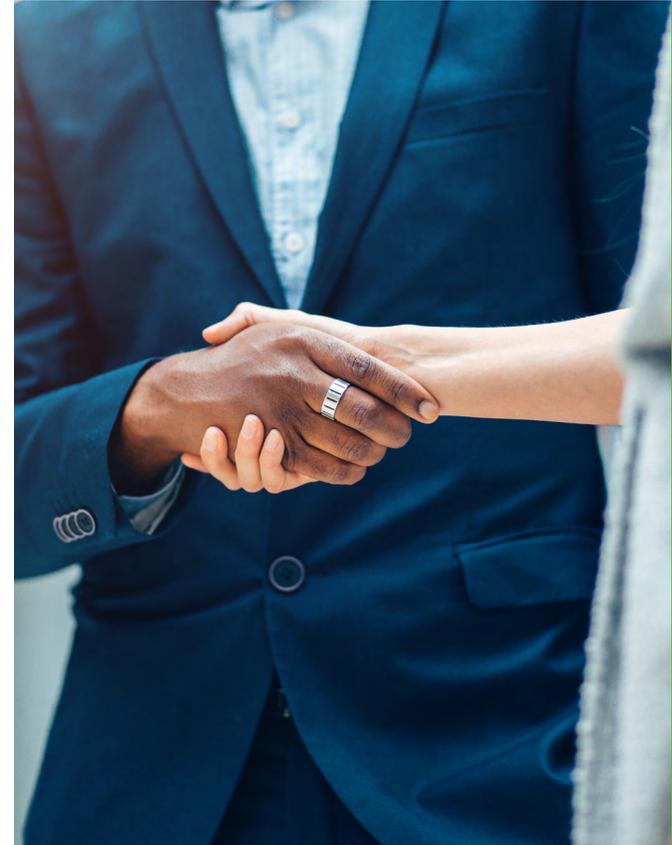
Our governance structure enables experienced and diverse directors to provide advice, insight and oversight to advance the interests of Carrier, our shareowners and other stakeholders. Carrier strives to maintain sound governance standards as reflected in our Code of Ethics, Governance Guidelines, our systematic approach to risk management, and our commitment to transparent financial reporting and strong internal controls.

In addition, our [Executive Leadership Team](#) oversees corporate strategy, representing the primary organizational functions and leaders within our primary segments: HVAC, Refrigeration, and Fire and Security.

## Sustainability Governance

Like our sustainability initiatives, our sustainability governance is integrated throughout the organization and embedded into our culture. Starting with the Board of Directors, the Governance Committee of the board reviews and monitors actions in furtherance of corporate social responsibility. We have also established an ESG Steering Committee, a formal team of cross-functional leaders responsible for driving ESG performance, including our climate change commitments, throughout the company. The Steering Committee regularly engages with the Executive Leadership Team as well as the Board of Directors to report progress. The Steering Committee includes functional representation from finance, human resources, EH&S, supply chain, product quality, product safety, engineering, government relations, investor relations, communications and corporate social responsibility.

We hold relevant employees accountable to GHG emission reductions and factor progress into their annual performance evaluations, and we are committed to transparency on our performance. Our sustainability reporting will continue to align to the GRI, SASB and TCFD reporting frameworks. We will continue our practice of disclosing to the CDP.



## Our Policies

Carrier is committed to the highest standards of compliance – in all places, at all times. Our policies represent our principles and align our efforts company-wide. Our [Corporate Policy Manual](#) is publicly shared on our website.

## Ethics & Compliance

What we do is critical and how we act matters. That is why our Code of Ethics focuses on the core values that serve as the foundation of our culture: respect, integrity, inclusion, innovation and excellence.

### Our Code of Ethics

102-16

Our [Code of Ethics](#) builds on the enterprise-wide effort we have made to better understand our culture and the values that guide how we operate. We not only understand the importance of achieving our goals the right way, but we are also committed to making it an everyday reality. Our Code of Ethics reflects and reinforces that commitment.

We expect our employees and our business partners to act at all times in a manner consistent with the values and standards set forth in our Code of Ethics. Beyond requiring us to comply with the law, our Code of Ethics demands that we aspire to do the right thing even when the law may permit us to do otherwise.

Carrier develops annual and longer-term objectives, including annual training for all employees, to drive ethics and compliance performance and to drive transformational improvement to our ethics and compliance program.

In 2019, every Carrier employee received annual ethics and compliance training from their supervisor. Furthermore, most employees have access to our online Ethics & Compliance Education Center, where online training is also available. New employees complete nearly 20 ethics and compliance certifications and training courses in their first two years (with about half to be completed within 90 days); two of these modules specifically address corruption risk. Beyond the first two years, employees will continue to receive annual anti-corruption training if they hold a position that presents a higher level of corruption risk.

### Anti-Corruption & Fair Competition

205-1, 205-2, 205-3, RT-EE-510a.1

We strive every day to earn the respect of our customers and shareowners based on the quality of our products and services as well as how we do business.

Carrier faces a wide range of business and compliance risks, including those associated with corruption. Through Carrier's Enterprise Risk Management program, a continuous process conducted by all operating units across the corporation, we identify, assess and mitigate risks that may affect achievement of our performance objectives. Senior management is responsible for the implementation of mitigation plans, including those related to prevention of corruption. All allegations of corruption are promptly and

thoroughly investigated, and, if verified, reported to senior leadership for disciplinary and corrective action and, where appropriate, to the Audit Committee of Carrier's Board of Directors.

Carrier's commitment to anti-corruption, as outlined in our [policy](#), includes the following:

- **Corrupt Payments:**  
Carrier pursues its objectives solely on the merits. We will not bribe anyone to obtain or retain business or secure any other advantage, nor allow anyone to do so for our benefit, in any market – public or private – anywhere.
- **Books and Records:**  
A fundamental requirement of the Carrier operating system is the maintenance of fully accurate and transparent books and records. Carrier maintains a robust audit program to ensure that all of our businesses are upholding these non-negotiable requirements.
- **Third-Party Intermediaries:**  
Our third-party intermediaries are subject to similar rules and will be selected after a robust due diligence process aimed at confirming their good business practices. Once on board, they will be trained and monitored.
- **Reporting and Investigations:**  
In managing risk, Carrier is conservative and data-driven. We use this data for continuous improvement and risk reduction.

## Labor & Human Rights

407-1, 408-1, 409-1, 412-1, 412-2, 102-17

We are committed to good citizenship and engaging with others to promote better working conditions for all.

Our global footprint enables us to make our mark in the fight for safer working conditions and equal opportunity around the world. We take robust and thorough measures to protect workers at our own facilities. But we can also promote positive change by encouraging our business partners and communities to respect human rights as well.

Carrier respects and protects human rights by:

- Ensuring safe and healthy working conditions for its employees, based on whatever is most stringent: U.S. standards, local standards or company policies.
- Never using child labor or forced labor, and always seeking out business partners who share our commitment to fighting human or sex trafficking and supporting human rights.
- Prohibiting discrimination based on any unlawful basis, including: race, color, religion, national origin, gender, gender identification or sexual orientation, age, disability, veteran status, marital status, citizenship status, creed and other protected categories as provided by applicable law.

- Delivering compensation and benefits to attract and retain strong talent for our businesses, while complying with all applicable regulations pertaining to wages, hours and legally mandated benefits.
- Recognizing the principle of freedom of association and the right to collective bargaining as they exist under applicable laws in the countries where we operate.
- Promoting responsible sourcing practices and setting expectations for our key suppliers through the Supplier Code of Conduct, including that suppliers must ensure safe and healthy work environments for their employees, avoid discrimination, ensure that child labor is not used, and avoid human trafficking.

Operating within the framework of the Code of Ethics, Carrier promotes those behaviors that build respect and integrity. When employees, contractors and suppliers observe or suspect something inappropriate, we encourage them to speak up and report it. Those who speak up to protect our company will be protected from retaliation.

Carrier is committed to a safe reporting environment that is free of fear, bullying or other negative consequences. Carrier has zero tolerance for retaliation. Anyone engaging in retaliatory behavior or activities that inhibit good-faith reporting will be subject to disciplinary action, up to possible termination.

Carrier offers [multiple communication channels](#) for reporting actual or suspected violations of our Code of Ethics.



# Cybersecurity & Data Protection

418-1

## Respecting Data Privacy

Carrier respects the privacy of the people from whom it collects and processes personal information. We have a comprehensive data privacy compliance program that aims to implement appropriate controls on what personal information we collect and process and how we safeguard it. Our approach involves:

- Following applicable data privacy laws.
- Completing privacy impact assessments for new and modified tools, service providers, and products and services that involve collection or processing of personal information.
- Performing an annual self-assessment of our privacy compliance program, involving hundreds of Carrier’s entities.
- Using appropriate security safeguards.
- Adopting detailed policies and Binding Corporate Rules, which are rules for data privacy compliance approved by European regulators.

Carrier’s [Data Privacy Notice](#) and [Data Privacy Policy](#) are available on our website.

## Strengthening Cybersecurity

Protecting Carrier, our workforce and our stakeholders from cyber risks is a shared responsibility across our organization. It begins with our Cybersecurity team, a part of our Digital Technology organization, which advances a cyber-defense strategy seeking to detect, mitigate and respond to ever-changing cyber threats.

We engage industry experts to conduct regular assessments to validate defensive measures, employing a comprehensive risk management framework to enable effective escalation and management.

Similarly for product security, we collaborate with industry experts to conduct cybersecurity assessments on key products across our portfolio.

As part of governance practices, the Audit Committee of the Carrier Board of Directors reviews Carrier’s privacy and the cybersecurity compliance programs on a regular basis to facilitate proper investments in people, process and technology.



# ESG INDICES

## Cautionary Statement:

This report contains forward-looking statements (including statements that constitute forward-looking statements under the securities laws). These forward-looking statements are intended to provide management's current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates and other measures of financial performance or potential future plans, strategies or transactions of Carrier, estimated costs associated with the Separation, statements with respect to current and future potential implications of corporate social responsibility and sustainability topics and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements speak only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the Securities and Exchange Commission.



# ESG Topics

The results of our assessment include the below set of ESG topics, which guide the content of this report and our GRI Standards disclosures.

Topic	Definition	Boundary			Location in Report
		Upstream (Suppliers)	Carrier	Downstream (Products)	
<b>Climate Change</b>	Mitigating Carrier's impact on climate change through operational and product impacts, and innovating to support communities' adaptation to life in a changing climate.		✓	✓	<a href="#">Innovating for a Sustainable World, pp. 13-23</a> <a href="#">Operations, pp. 24-36</a> <a href="#">Communities, pp. 48-51</a>
<b>Community Engagement &amp; Investment</b>	Engaging local communities to understand community needs and concerns while minimizing negative impacts from operations; investing time and resources to support community organizations via philanthropy and volunteerism.		✓	✓	<a href="#">Communities, pp. 48-51</a>
<b>Corporate Governance</b>	Implementing sound corporate governance practices, ensuring the company operates ethically and with integrity while maximizing the long-term interests of stakeholders.		✓		<a href="#">Governance, pp. 52-56</a>
<b>Cybersecurity &amp; Data Privacy</b>	Protecting Carrier's intellectual property and data from breaches, and ensuring the privacy and security of employee, supplier and customer data from the use of Carrier products.		✓	✓	<a href="#">Governance, pp. 52-56</a>
<b>Diversity &amp; Inclusion</b>	Promoting diversity and ensuring a non-discriminatory hiring process and work environment.	✓	✓		<a href="#">Our People &amp; Culture, pp. 37-47</a>
<b>Environmental Responsibility</b>	Minimizing the environmental impact of Carrier's operations and those of our suppliers by acting in accordance with environmental laws and regulations and minimizing our environmental footprint in key areas such as energy and emissions, waste and water.	✓	✓		<a href="#">Operations, pp. 24-36</a>
<b>Ethics &amp; Compliance</b>	Promoting ethical behavior at Carrier and across our value chain, including compliance with all relevant laws and regulations, engaging in fair and competitive business practices, preventing corruption and bribery, and marketing responsibly.	✓	✓		<a href="#">Governance, pp. 52-56</a>

Topic	Definition	Boundary			Location in Report
		Upstream (Suppliers)	Carrier	Downstream (Products)	
<b>Human &amp; Labor Rights</b>	Ensuring human rights across Carrier's operations and supply chain, including the topics of forced and child labor, proper working conditions, managing conflict minerals, freedom of association and collective bargaining, and maintaining systems to report labor concerns.	✓	✓		<a href="#">Operations, pp. 24-36</a> <a href="#">Our People &amp; Culture, pp. 37-47</a> <a href="#">Governance, pp. 52-56</a>
<b>Innovation &amp; Efficiency</b>	Innovating products and services to incorporate sustainable attributes, such as energy efficiency, smart systems/digitization, lifecycle design and cold chain solutions.		✓	✓	<a href="#">Innovating for a Sustainable World, pp. 13-23</a>
<b>Occupational Health &amp; Safety</b>	Providing Carrier employees a safe working environment, promoting supply chain safety through our vendor qualification and monitoring processes, and promoting workplace safety to customers worldwide through our products.	✓	✓	✓	<a href="#">Our People &amp; Culture, pp. 37-47</a>
<b>Product Safety &amp; Quality</b>	Monitoring, managing and reducing negative impacts of Carrier's products while maintaining design and manufacturing policies and practices that ensure high product quality.		✓	✓	<a href="#">Innovating for a Sustainable World, pp. 13-23</a>
<b>Stakeholder Engagement</b>	Seeking input from – and sharing relevant information with – Carrier's key stakeholders, including engaging with governments to promote informed public policy, and providing transparency about public policy participation, maintaining positive relationships with customers and establishing systems to measure satisfaction and engaging investors around ESG topics.		✓	✓	<a href="#">Innovating for a Sustainable World, pp. 13-23</a> <a href="#">Our People &amp; Culture, pp. 37-47</a>
<b>Talent Management</b>	Attracting, developing and retaining high-quality and engaged talent to maintain a skilled workforce, and adapt to new technology and automation that manufacturing and R&D will require.		✓		<a href="#">Our People &amp; Culture, pp. 37-47</a>
<b>Tax Transparency</b>	Developing a responsible tax strategy, contributing to government revenues through taxes, and providing transparency on taxes paid.		✓		<a href="#">Form 10 Information Statement</a>

# GRI Content Index

## Universal Standard Disclosures

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs																																																																												
<b>Organizational Profile</b>																																																																															
102-1	Name of organization	Carrier Global Corporation																																																																													
102-2	Activities, brands, products, and services	<a href="#">Form 10 Information Statement, pp. 9-10</a>																																																																													
102-3	Location of headquarters	Carrier is headquartered in Palm Beach Gardens, Florida, U.S.A.																																																																													
102-4	Location of operations	<a href="#">Form 10 Information Statement, pp. 9-10</a>																																																																													
102-5	Ownership and legal form	Carrier Global Corporation (CARR) is a publicly traded company listed on the New York Stock Exchange.																																																																													
102-6	Markets served	<a href="#">Form 10 Information Statement, pp. 9-10</a>																																																																													
102-7	Scale of organization	<a href="#">Carrier Fact Sheet</a>																																																																													
102-8	Information on employees and other workers	<p>Carrier has approximately 53,000 employees around the world.</p> <table border="1"> <thead> <tr> <th colspan="3"></th> <th colspan="3">Global Workforce by Gender</th> <th colspan="2">Global Workforce by Region</th> </tr> <tr> <th></th> <th>Female</th> <th>Male</th> <th></th> <th>Female</th> <th>Male</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Permanent</td> <td>26%</td> <td>74%</td> <td>Americas</td> <td>31%</td> <td>69%</td> <td>Americas</td> <td>32%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>EMEA</td> <td>22%</td> <td>78%</td> <td>EMEA</td> <td>43%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>APAC</td> <td>27%</td> <td>73%</td> <td>APAC</td> <td>25%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2">Women Executives</th> <th colspan="2">U.S. People of Color Executives</th> <th colspan="2">U.S. People of Color Professionals</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>20%</td> <td>2015</td> <td>13%</td> <td>2015</td> <td>18%</td> </tr> <tr> <td>2016</td> <td>25%</td> <td>2016</td> <td>13%</td> <td>2016</td> <td>18%</td> </tr> <tr> <td>2017</td> <td>28%</td> <td>2017</td> <td>13%</td> <td>2017</td> <td>20%</td> </tr> <tr> <td>2018</td> <td>30%</td> <td>2018</td> <td>17%</td> <td>2018</td> <td>21%</td> </tr> <tr> <td>2019</td> <td>31%</td> <td>2019</td> <td>20%</td> <td>2019</td> <td>22%</td> </tr> </tbody> </table>				Global Workforce by Gender			Global Workforce by Region			Female	Male		Female	Male			Permanent	26%	74%	Americas	31%	69%	Americas	32%				EMEA	22%	78%	EMEA	43%				APAC	27%	73%	APAC	25%	Women Executives		U.S. People of Color Executives		U.S. People of Color Professionals		2015	20%	2015	13%	2015	18%	2016	25%	2016	13%	2016	18%	2017	28%	2017	13%	2017	20%	2018	30%	2018	17%	2018	21%	2019	31%	2019	20%	2019	22%	SDG 8
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102-9	Supply chain	<a href="#">Carrier's Suppliers</a>																																																																													

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
102-10	Significant changes to the organization and its supply chain	<a href="#">Form 10 Information Statement, pp. 9-20</a>	
102-11	Precautionary principle or approach	<a href="#">Form 10 Information Statement, pp. 107-108</a>	
102-12	External initiatives	<p>Carrier supports a number of external charters, principles and initiatives. These include:</p> <ul style="list-style-type: none"> <li>• CEO Climate Dialogue</li> <li>• CEO Action for Diversity and Inclusion</li> <li>• The European Union's commitment to carbon neutrality by 2050</li> <li>• The Global Cooling Prize</li> <li>• Paradigm for Parity</li> <li>• The Paris Climate Agreement</li> <li>• Rome Declaration on the Contribution of the Montreal Protocol to Food Loss Reduction through Sustainable Development</li> </ul>	
102-13	Memberships of association	<p>As a newly independent company, Carrier is continuing our existing strategic memberships and associations while constantly evaluating opportunities for additional contributions and leadership. Today, we are proud to be a member of several key industry and issue-specific organizations, which include:</p> <ul style="list-style-type: none"> <li>• Air-Conditioning &amp; Refrigeration Equipment Manufacturers Association (AREMA)</li> <li>• Air-Conditioning, Heating, and Refrigeration Institute (AHRI)</li> <li>• Alliance for an Energy Efficient Economy (AEEE)</li> <li>• Alliance for Responsible Atmospheric Policy</li> <li>• Alliance Froid Climatisation Environnement (AFCE)</li> <li>• American Chamber of Commerce (AMCHAM)</li> <li>• American Hotel &amp; Lodging Association</li> <li>• American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)</li> <li>• Australian Security Industry Association Limited (ASIAL)</li> <li>• Automotive Industry Action Group (AIAG)</li> <li>• Builders Hardware Manufacturers Association</li> <li>• Business Roundtable</li> <li>• China Fire Protection Association</li> <li>• China Refrigeration and Air Conditioning Industry Association (CRAA)</li> <li>• Chinese Association of Refrigeration (CAR)</li> <li>• Confederation of Indian Industry (CII)</li> <li>• Container Owners Association (COA)</li> <li>• Euralarm</li> <li>• European Fire Sprinkler Network (EFSN)</li> <li>• European Partnership for Energy and the Environment (EPEE)</li> <li>• Eurovent</li> <li>• Fire &amp; Safety Association of India (FSAI)</li> <li>• Fire Protection Industry Board (FPIB)</li> <li>• Global Cold Chain Alliance (GCCA)</li> <li>• Global Food Cold Chain Council (GFCCC)</li> <li>• International Water Mist Association (IWMA)</li> <li>• International Well Building Institute (IWBI)</li> <li>• Fire Protection Association of Australia (FPAA)</li> <li>• Refrigeration and Air Conditioning Manufacturers Association (RAMA)</li> <li>• Syndicat National des Entreprises du Froid, d'Equipements de Cuisines Professionnelles et du Conditionnement de l'Air (SNEFCCA)</li> <li>• Transfrigoroute International</li> <li>• Uniclimate</li> <li>• Urban Green</li> <li>• U.S. Green Building Council</li> <li>• World Green Building Council</li> </ul>	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
<b>Strategy</b>			
102-14	Statement from senior decision-maker	<a href="#">CEO Letter, p. 3</a>	
102-15	Key impacts, risks, and opportunities	<a href="#">Form 10 Information Statement, pp. 11-16</a>	
<b>Ethics &amp; Integrity</b>			
102-16	Values, principles, standards, and norms of behavior	<a href="#">Our Values</a> <a href="#">Culture &amp; Engagement, p. 42</a> <a href="#">Our Code of Ethics, p. 54</a>	SDG 16
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Anonymous Reporting Program</a>	SDG 16
<b>Governance</b>			
102-18	Governance structure	<a href="#">Form 10 Information Statement, pp. 101-109</a>	
102-20	Executive-level responsibility for economic, environmental and social topics	<a href="#">Carrier Governance Committee</a>	
102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Stakeholder Engagement, p. 12</a>	SDG 16
102-22	Composition of highest governance body and its committees	<a href="#">Corporate Governance</a>	SDG 5, SDG 16
102-23	Chair of the highest governance body	<a href="#">Corporate Governance</a>	SDG 16
102-24	Nominating and selecting the highest governance body	<a href="#">Carrier Corporate Governance Guidelines, pp. 2-5</a>	SDG 5, SDG 16
102-25	Conflicts of interest	<a href="#">Carrier Corporate Governance Guidelines, p. 3</a>	SDG 16
102-26	Role of the highest governance body in setting purpose, values, and strategy	<a href="#">Carrier Governance Committee Charter, p. 3</a>	
102-28	Evaluating the highest governance body's performance	<a href="#">Carrier Corporate Governance Guidelines, pp. 1-2 and 5-7</a>	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
102-33	Communicating critical concerns	<a href="#">Contact Carrier's Board of Directors</a>	
102-35	Remuneration policies	<a href="#">Form 10 Information Statement, pp. 110-135</a>	
102-36	Process for determining remuneration	<a href="#">Form 10 Information Statement, pp. 110-135</a>	
102-37	Stakeholders involvement in remuneration	<a href="#">Form 10 Information Statement, pp. 110-135</a>	SDG 16
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	<a href="#">Stakeholder Engagement, p. 12</a>	
102-41	Collective bargaining agreements	Approximately 75% of Carrier's more than 4,500 domestic production and maintenance employees are covered under seven collective bargaining agreements with expiration dates ranging from 2020 to 2023. In Europe, our more than 19,000 European Union employees are all covered under European Works Council agreements. At the national and local level, we inform and consult with 58 local works councils and EU employees at more than 40 union-represented sites are covered by Collective Agreements.	SDG 8
102-42	Identifying and selecting stakeholders	<a href="#">Materiality &amp; Stakeholder Engagement, pp. 11-12</a>	
102-43	Approach to stakeholder engagement	<a href="#">Materiality &amp; Stakeholder Engagement, pp. 11-12</a>	
102-44	Key topics and concerns raised	<a href="#">Materiality &amp; Stakeholder Engagement, pp. 11-12</a>	
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	<a href="#">Form 10 Information Statement, pp. 80-81</a>	
102-46	Defining report content and topic boundaries	<a href="#">Materiality &amp; Stakeholder Engagement, pp. 11-12</a>	
102-47	List of material topics	<a href="#">Materiality &amp; Stakeholder Engagement, pp. 11-12</a>	
102-48	Restatements of information	This is Carrier's first Environmental, Social & Governance Report as an independent company. As such, there are no restatements of information at this time.	
102-49	Changes in reporting	This is Carrier's first Environmental, Social & Governance Report as an independent company. As such, there are no significant changes to report regarding previous reporting periods.	
102-50	Reporting period	The 2020 Environmental, Social & Governance Report is Carrier's first ESG report as a stand-alone company, and covers performance for calendar year 2019. The policies and management practices referenced throughout this report were adopted prior to our separation from our prior parent company, UTC. Although the policies and practices have since been refined, they are subject to further change as Carrier continues to adapt its organizational approach as a newly public company.	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
102-51	Date of most recent report	This is Carrier's first Environmental, Social & Governance Report as an independent company.	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	<a href="mailto:CorporateResponsibility@carrier.com">CorporateResponsibility@carrier.com</a>	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	GRI content index	We publish our GRI Standards content index in our <a href="#">Environmental, Social &amp; Governance Report, starting on page 60.</a>	
102-56	External assurance	At this time, Carrier does not have its Environmental, Social & Governance Report externally assured.	

# GRI Content Index

## Topic-Specific Standard Disclosures

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
<b>Economic Performance</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Form 10 Information Statement</a>	
103-2	The management approach and its components	<a href="#">Form 10 Information Statement</a>	
103-3	Evaluation of the management approach	<a href="#">Form 10 Information Statement</a>	
201-1	Direct economic value generated and distributed	<a href="#">Form 10 Information Statement</a>	SDG 2, SDG 5, SDG 7, SDG 9
<b>Anti-Corruption</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier's Ethics &amp; Compliance; Ethics &amp; Compliance, pp. 54-55</a>	
103-2	The management approach and its components	<a href="#">Carrier's Ethics &amp; Compliance; Ethics &amp; Compliance, pp. 54-55</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier's Ethics &amp; Compliance; Ethics &amp; Compliance, pp. 54-55</a>	
205-1	Operations assessed for risks related to corruption	Carrier takes a stand against corruption, championing fair and transparent market practices everywhere we do business. <a href="#">Carrier Code of Ethics, pp 30-31</a>	SDG 16
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Carrier's Ethics and Compliance; Ethics &amp; Compliance, pp. 54-55</a>	SDG 16
205-3	Confirmed incidents of corruption and actions taken	Carrier strictly prohibits all forms of corruption. In 2019, we know of no incidents or legal cases associated with bribery or corruption which would have a material impact on our company or our stakeholders. All allegations of corruption are investigated thoroughly, fairly and impartially with the objective of identifying actions for continuous improvement.	SDG 16
<b>Materials</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Materials &amp; Circularity, pp. 19-20</a>	
103-2	The management approach and its components	<a href="#">Materials &amp; Circularity, pp. 19-20</a>	
103-3	Evaluation of the management approach	<a href="#">Materials &amp; Circularity, pp. 19-20</a>	
301-1	Materials used by weight or volume	<a href="#">Materials &amp; Circularity, pp. 19-20</a>	SDG 8, SDG 12

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs																																																				
<b>Energy</b>																																																							
<b>103-1</b>	Explanation of the material topic and its Boundary	<a href="#">Energy &amp; Emissions, p. 32</a>																																																					
<b>103-2</b>	The management approach and its components	<a href="#">Innovating for a Sustainable World, pp. 13-23</a> <a href="#">Carrier Environment, Health and Safety Policy</a> <a href="#">Energy &amp; Emissions, p. 32</a>																																																					
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<b>302-1</b>	Energy Consumption within the organization	<table border="1"> <thead> <tr> <th colspan="4">Energy Use by Source</th> </tr> <tr> <th></th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Purchased Electricity (MWh)</td> <td>455,093</td> <td>457,819</td> <td>462,547</td> </tr> <tr> <td>Propane (Gallons)</td> <td>657,397</td> <td>589,533</td> <td>591,790</td> </tr> <tr> <td>Natural Gas (Cu Ft)</td> <td>947,176,081</td> <td>1,030,939,355</td> <td>1,003,104,543</td> </tr> <tr> <td>Butane (Gal)</td> <td>74,628</td> <td>37,501</td> <td>4,356</td> </tr> <tr> <td>Distillate Oil (Gal)</td> <td>47,542</td> <td>44,025</td> <td>51,407</td> </tr> <tr> <td>#4 Oil Usage (Gal)</td> <td>1,503</td> <td>1,652</td> <td>3,462</td> </tr> <tr> <td>Residual Oil Usage (Gal)</td> <td>0</td> <td>15,087</td> <td>78,175</td> </tr> <tr> <td>Gasoline Usage (Gals)</td> <td>5,705</td> <td>20,834</td> <td>46,466</td> </tr> <tr> <td>Diesel Fuel (Gals)</td> <td>172,647</td> <td>159,303</td> <td>208,355</td> </tr> <tr> <td>Purchased Steam (MMBTU)</td> <td>40,388</td> <td>31,195</td> <td>33,526</td> </tr> <tr> <td>Fleet Vehicle Gasoline (Gals)</td> <td>10,617,171</td> <td>11,062,009</td> <td>12,077,521</td> </tr> </tbody> </table>	Energy Use by Source					2019	2018	2017	Purchased Electricity (MWh)	455,093	457,819	462,547	Propane (Gallons)	657,397	589,533	591,790	Natural Gas (Cu Ft)	947,176,081	1,030,939,355	1,003,104,543	Butane (Gal)	74,628	37,501	4,356	Distillate Oil (Gal)	47,542	44,025	51,407	#4 Oil Usage (Gal)	1,503	1,652	3,462	Residual Oil Usage (Gal)	0	15,087	78,175	Gasoline Usage (Gals)	5,705	20,834	46,466	Diesel Fuel (Gals)	172,647	159,303	208,355	Purchased Steam (MMBTU)	40,388	31,195	33,526	Fleet Vehicle Gasoline (Gals)	10,617,171	11,062,009	12,077,521	SDG 7, SDG 8, SDG 12, SDG 13
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<b>302-2</b>	Energy consumption outside of the organization	<a href="#">Innovating for a Sustainable World, pp. 13-23</a> <a href="#">Carrier CO<sub>2</sub> NSERVATION Meter</a>																																																					
<b>302-3</b>	Energy intensity	<table border="1"> <thead> <tr> <th></th> <th>Unit of Measure</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td><b>Numerator<sup>1</sup></b></td> <td>GJ</td> <td>2,816,891</td> <td>2,894,938</td> <td>2,788,108</td> </tr> <tr> <td><b>Denominator</b></td> <td>Million USD Revenue</td> <td>18,608</td> <td>18,914</td> <td>17,814</td> </tr> <tr> <td><b>Energy Intensity (Ratio)</b></td> <td></td> <td>151</td> <td>153</td> <td>163</td> </tr> </tbody> </table> <p><sup>1</sup>Factory energy only</p>		Unit of Measure	2019	2018	2017	<b>Numerator<sup>1</sup></b>	GJ	2,816,891	2,894,938	2,788,108	<b>Denominator</b>	Million USD Revenue	18,608	18,914	17,814	<b>Energy Intensity (Ratio)</b>		151	153	163																																	
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302-5	Reductions in energy requirements of products and services	<a href="#">Innovating for a Sustainable World, pp. 13-23</a> <a href="#">Carrier CO<sub>2</sub> CONSERVATION Meter</a>	SDG 7, SDG 8, SDG 12, SDG 13																
<b>Water</b>																			
103-1	Explanation of the material topic and its Boundary	<a href="#">Water, p.32</a>																	
103-2	The management approach and its components	<a href="#">Water, p.32</a> <a href="#">Carrier Environment, Health and Safety Policy</a>																	
103-3	Evaluation of the management approach	<a href="#">Water, p.32</a>																	
303-1	Interactions with water as a shared resource	<a href="#">Water, p.32</a>	SDG 6																
303-2	Management of water discharge related impacts	Our management system outlines minimum discharge limits for storm water and industrial discharge that are well below industry standards and regulatory requirements.	SDG 6																
303-3	Water withdrawal	Total water withdrawal (thousands of cubic meters) 2019 - 1,135 2018 - 1,212 2017 - 1,298	SDG 6, SDG 8, SDG 12																
303-4	Water discharge	Total water discharge (thousands of cubic meters) 2019 - 896 2018 - 879 2017 - 836																	
303-5	Water consumption	<table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td><b>Water Withdrawal (thousands of cubic meters)</b></td> <td>1,135</td> <td>1,212</td> <td>1,198</td> </tr> <tr> <td><b>Water Discharge (thousands of cubic meters)</b></td> <td>896</td> <td>879</td> <td>836</td> </tr> <tr> <td><b>Water Consumption (thousands of cubic meters)</b></td> <td>239</td> <td>333</td> <td>362</td> </tr> </tbody> </table>		2019	2018	2017	<b>Water Withdrawal (thousands of cubic meters)</b>	1,135	1,212	1,198	<b>Water Discharge (thousands of cubic meters)</b>	896	879	836	<b>Water Consumption (thousands of cubic meters)</b>	239	333	362	
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<b>Emissions</b>																			
103-1	Explanation of the material topic and its Boundary	<a href="#">Energy &amp; Emissions, p. 32</a>																	
103-2	The management approach and its components	<a href="#">Energy &amp; Emissions, p. 32</a> <a href="#">Innovating for a Sustainable World, pp. 13-23</a> <a href="#">Carrier Environment, Health and Safety Policy</a>																	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
<b>103-3</b>	Evaluation of the management approach	<a href="#">Energy &amp; Emissions, p. 32</a>	
<b>305-1</b>	Direct (Scope 1) GHG emissions	Scope 1 Emissions - Metric Tons 2019 - 126,455 2018 - 133,575 2017 - 146,164	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Scope 2 Emissions - Metric Tons 2019 - 270,038 2018 - 275,796 2017 - 294,247	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	<a href="#">Policy &amp; Partnerships, p. 23</a> <a href="#">Carrier CO<sub>2</sub>NSERVATION Meter</a>	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
<b>305-5</b>	Reduction of GHG emissions	<a href="#">2020 Sustainability Goals Performance, p. 31</a>	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
<b>Effluents &amp; Waste</b>			
<b>103-1</b>	Explanation of the material topic and its Boundary	<a href="#">Waste, p. 33</a>	
<b>103-2</b>	The management approach and its components	<a href="#">Waste, p. 33</a> <a href="#">Carrier Environment, Health and Safety Policy</a>	
<b>103-3</b>	Evaluation of the management approach	<a href="#">Waste, p. 33</a>	
<b>306-1</b>	Water discharge by quality and destination	Our environmental management systems outline minimum limits for storm water and industrial discharge that are well below industry standards and regulatory requirements.	SDG 3, SDG 6, SDG 12, SDG 13, SDG 14, SDG 15

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs																				
306-2	Waste by type and disposal method	<a href="#">2020 Sustainability Goals Performance, p. 31</a>	SDG 3, SDG 6, SDG 13, SDG 15																				
		<table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Total Industrial Process Waste (metric tons)</td> <td>62,975</td> <td>68,340</td> <td>66,565</td> </tr> <tr> <td>Industrial Waste Recycled (metric tons)</td> <td>59,328</td> <td>64,584</td> <td>62,813</td> </tr> <tr> <td>Hazardous Waste Generated (metric tons)</td> <td>2,060</td> <td>1,773</td> <td>1,851</td> </tr> <tr> <td>Hazardous Waste Recycled (metric tons)</td> <td>325</td> <td>359</td> <td>342</td> </tr> </tbody> </table>			2019	2018	2017	Total Industrial Process Waste (metric tons)	62,975	68,340	66,565	Industrial Waste Recycled (metric tons)	59,328	64,584	62,813	Hazardous Waste Generated (metric tons)	2,060	1,773	1,851	Hazardous Waste Recycled (metric tons)	325	359	342
				2019	2018	2017																	
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Hazardous Waste Generated (metric tons)	2,060	1,773	1,851																				
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306-3	Significant spills	Carrier has had no significant hazardous waste spill during the reporting period.	SDG 3, SDG 6, SDG 12, SDG 13, SDG 14, SDG 15																				
<b>Employment</b>																							
103-1	Explanation of the material topic and its Boundary	<a href="#">Our People &amp; Culture, pp. 37-47</a>																					
103-2	The management approach and its components	<a href="#">Our People &amp; Culture, pp. 37-47</a>																					
103-3	Evaluation of the management approach	<a href="#">Our People &amp; Culture, pp. 37-47</a>																					
401-1	New employee hires and employee turnover	<table border="1"> <thead> <tr> <th colspan="2">2019 Global Turnover Rate by Gender</th> <th colspan="2">2019 Carrier Global Voluntary Turnover Rate by Region</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>8%</td> <td>Americas</td> <td>10%</td> </tr> <tr> <td>Female</td> <td>8.5%</td> <td>EMEA</td> <td>6%</td> </tr> <tr> <td><b>Total</b></td> <td><b>8%</b></td> <td>APAC</td> <td>8%</td> </tr> <tr> <td></td> <td></td> <td><b>Total</b></td> <td><b>8%</b></td> </tr> </tbody> </table>	2019 Global Turnover Rate by Gender		2019 Carrier Global Voluntary Turnover Rate by Region		Male	8%	Americas	10%	Female	8.5%	EMEA	6%	<b>Total</b>	<b>8%</b>	APAC	8%			<b>Total</b>	<b>8%</b>	SDG 5, SDG 8
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<b>Total</b>	<b>8%</b>	APAC	8%																				
		<b>Total</b>	<b>8%</b>																				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Total Rewards, p. 47</a>																					
401-3	Parental leave	In 2019, 175 US-based employees took parental leave. 169 are currently active Carrier employees (97%).	SDG 5, SDG 8																				
<b>Occupational Health &amp; Safety</b>																							
103-1	Explanation of the material topic and its Boundary	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a>																					
103-2	The management approach and its components	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a> <a href="#">Carrier Environment, Health and Safety Policy</a>																					
103-3	Evaluation of the management approach	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a>																					

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs						
403-1	Occupational health and safety management system	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a> <a href="#">Sustainable Operations</a>	SDG 8						
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a>	SDG 3, SDG 8						
403-3	Occupational health services	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a>	SDG 3, SDG 8						
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a>	SDG 8						
403-5	Worker training on occupational health and safety	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a>							
403-8	Workers covered by an occupational health and safety management system	All Carrier employees are covered by an occupational health and safety management system. 37% of Carrier's global manufacturing facilities hold ISO 14001-registered environmental management systems. 14% maintain OHSAS 18001, with plans to convert these to ISO 45001.							
403-9	Work-related injuries	<a href="#">Workplace Health &amp; Safety, pp. 34-35</a> <table border="1"> <thead> <tr> <th colspan="2">2019 Fatalities</th> </tr> </thead> <tbody> <tr> <td>Employee</td> <td>1</td> </tr> <tr> <td>Contractor</td> <td>1</td> </tr> </tbody> </table>	2019 Fatalities		Employee	1	Contractor	1	
2019 Fatalities									
Employee	1								
Contractor	1								
<b>Training &amp; Education</b>									
103-1	Explanation of the material topic and its Boundary	<a href="#">Our People &amp; Culture, pp. 37-47</a>							
103-2	The management approach and its components	<a href="#">Our People &amp; Culture, pp. 37-47</a>							
103-3	Evaluation of the management approach	<a href="#">Our People &amp; Culture, pp. 37-47</a>							
404-1	Average hours of training per year per employee	Each year our employees complete thousands of hours of training through internal training programs, web-based eLearning, virtual classrooms and external seminars.  Our online learning metrics for 2019 include: Number of courses completed: 196,059 Number of distinct participants: 29,267 Number of hours of online learning: 58,078	SDG 4, SDG 5, SDG 8						
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Development &amp; Career Progression, pp. 39-41</a>	SDG 8						
404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Development &amp; Career Progression, pp. 39-41</a>	SDG 5, SDG 8						
<b>Diversity &amp; Equal Opportunity</b>									
103-1	Explanation of the material topic and its Boundary	<a href="#">Diversity &amp; Inclusion, pp. 44-46</a>							
103-2	The management approach and its components	<a href="#">Diversity &amp; Inclusion, pp. 44-46</a>							

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
103-3	Evaluation of the management approach	<a href="#">Diversity &amp; Inclusion, pp. 44-46</a>	
405-1	Diversity of governance bodies and employees	<a href="#">Diversity &amp; Inclusion, pp. 44-46</a> Carrier's Board of Directors is 25% diverse.* Carrier direct reports to the CEO are >50% diverse.* <a href="#">See response to 102-8.</a>	SDG 5, SDG 8
<b>Non-Discrimination</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Diversity &amp; Inclusion, pp. 44-46</a>	
103-2	The management approach and its components	<a href="#">Diversity &amp; Inclusion, pp. 44-46</a>	
103-3	Evaluation of the management approach	<a href="#">Diversity &amp; Inclusion, pp. 44-46</a>	
406-1	Incidents of discrimination and corrective actions taken	<a href="#">Carrier Code of Ethics, p. 45</a>	SDG 5, SDG 8, SDG 16
<b>Freedom of Association &amp; Collective Bargaining</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier Code of Ethics, p. 45</a>	
103-2	The management approach and its components	<a href="#">Carrier Code of Ethics, p. 45</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier Code of Ethics, p. 45</a>	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Supplier Code of Conduct</a> <a href="#">Carrier Code of Ethics, p. 45</a>	SDG 8
<b>Child Labor</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier Code of Ethics, p. 45</a>	
103-2	The management approach and its components	<a href="#">Carrier Code of Ethics, p. 45</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier Code of Ethics, p. 45</a>	

\* Women or people of color

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Carrier Code of Ethics, p. 45</a> <a href="#">Supplier Code of Conduct</a> <a href="#">Human Trafficking Policy Statement</a> <a href="#">California Transparency In Supply Chains Act</a>	SDG 8, SDG 16
<b>Forced or Compulsory Labor</b>			
<b>103-1</b>	Explanation of the material topic and its Boundary	<a href="#">Carrier Code of Ethics, p. 45</a>	
<b>103-2</b>	The management approach and its components	<a href="#">Carrier Code of Ethics, p. 45</a>	
<b>103-3</b>	Evaluation of the management approach	<a href="#">Carrier Code of Ethics, p. 45</a>	
<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Carrier Code of Ethics, p. 45</a> <a href="#">Supplier Code of Conduct</a> <a href="#">Human Trafficking Policy Statement</a> <a href="#">California Transparency In Supply Chains Act</a>	SDG 8
<b>Human Rights Assessment</b>			
<b>103-1</b>	Explanation of the material topic and its Boundary	<a href="#">Carrier Code of Ethics, p. 45</a>	
<b>103-2</b>	The management approach and its components	<a href="#">Carrier Code of Ethics, p. 45</a>	
<b>103-3</b>	Evaluation of the management approach	<a href="#">Carrier Code of Ethics, p. 45</a>	
<b>412-2</b>	Employee training on human rights policies or procedures	<p>In 2019, every Carrier employee received annual ethics and compliance training from their supervisor. Furthermore, most employees have access to our online Ethics &amp; Compliance Education Center, where online training is also available. New employees complete nearly 20 ethics and compliance certifications and training courses in their first two years (with about half to be completed within 90 days).</p> <a href="#">Labor &amp; Human Rights, p. 55</a>	
<b>Local Communities</b>			
<b>103-1</b>	Explanation of the material topic and its Boundary	<a href="#">Communities, pp. 48-51</a>	
<b>103-2</b>	The management approach and its components	<a href="#">Communities, pp. 48-51</a>	
<b>103-3</b>	Evaluation of the management approach	<a href="#">Communities, pp. 48-51</a>	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Communities, pp. 48-51</a> <a href="#">Our Communities</a>	
413-2	Operations with significant actual and potential negative impacts on local communities	<a href="#">Communities, pp. 48-51</a> <a href="#">Our Communities</a>	SDG 1, SDG 2
<b>Supplier Social Assessment</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Our Suppliers, pp. 28-29</a>	
103-2	The management approach and its components	<a href="#">Our Suppliers, pp. 28-29</a>	
103-3	Evaluation of the management approach	<a href="#">Our Suppliers, pp. 28-29</a>	
414-1	New suppliers that were screened using social criteria	<a href="#">Supplier Code of Conduct</a> <a href="#">Human Trafficking Policy Statement</a> <a href="#">California Transparency In Supply Chains Act</a>	SDG 5, SDG 8, SDG 16
<b>Public Policy</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier Code of Ethics, p. 49</a>	
103-2	The management approach and its components	<a href="#">Carrier Code of Ethics, p. 49</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier Code of Ethics, p. 49</a>	
415-1	Political Contributions	<a href="#">Corporate Policy Manual 12 - Government Relations</a>	SDG 16
<b>Customer Health &amp; Safety</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Product Safety &amp; Quality, pp. 26-27</a>	
103-2	The management approach and its components	<a href="#">Product Safety &amp; Quality, pp. 26-27</a>	
103-3	Evaluation of the management approach	<a href="#">Product Safety &amp; Quality, pp. 26-27</a>	
416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Corporate Policy Manual 3 - Product Integrity</a>	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
<b>Innovation &amp; Efficiency</b>			
<b>103-1</b>	Explanation of the material topic and its Boundary	<a href="#">Our Sustainable Innovation Strategy, pp. 13-23</a>	
<b>103-2</b>	The management approach and its components	<a href="#">Our Sustainable Innovation Strategy, pp. 13-23</a>	
<b>103-3</b>	Evaluation of the management approach	<a href="#">Our Sustainable Innovation Strategy, pp. 13-23</a>	
<b>Topic-Specific Indicator</b>	Avoided GHG emissions as a result of the installation of high-efficiency Carrier air-conditioning, heating and refrigeration systems by customers	<p>Carrier's CO<sub>2</sub>NSERVATION Meter estimates avoided GHG emissions as a result of the installation of high-efficiency Carrier air-conditioning, heating and refrigeration systems by customers around the world. From 2000 to 2019, we have avoided nearly 300 million metric tons of GHG emissions, equal to taking more than 60 million cars off the road for one year.</p> <p>For more information, see the <a href="#">Carrier CO<sub>2</sub>NSERVATION Meter</a>.</p>	

## SASB Disclosure

Topic	Accounting Metric	Category	Code	Carrier Metric or Qualitative Disclosure	Carrier 2019 Response
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	RT-EE-130a.1	MWh	See response for GRI 302-1
<b>Hazardous Waste Management</b>	Amount of hazardous waste generated, percentage recycled	Quantitative	RT-EE-150a.1	Metric Tons, Percentage	See response for GRI 306-2
	Number and aggregate quantity of reportable spills, quantity recovered	Quantitative	RT-EE-150a.2	Number	See response for GRI 306-3
<b>Materials Sourcing</b>	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	RT-EE-440a.1	Discussion and analysis linked in Response column	<a href="#">Form 10 Information Statement, p. 27</a>
<b>Business Ethics</b>	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	RT-EE-510a.1	Discussion and analysis linked in Response column	<a href="#">Ethics &amp; Compliance, pp. 54-55</a> <a href="#">Carrier's Ethics and Compliance</a> <a href="#">Carrier Code of Ethics</a> <a href="#">Carrier Corporate Policy Manual 5 – Antitrust Compliance Program</a> <a href="#">Carrier Corporate Policy Manual 8 – Anti-Corruption</a>
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	RT-EE-510a.2	Number	In 2019, we know of no incidents or legal cases associated with bribery or corruption which would have a material impact on our company or our stakeholders.
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	RT-EE-510a.3	Number	In 2019, there are no incidents or legal cases associated with anti-competitive behavior regulations which would have a material impact on our company or our stakeholders.

# TCFD Disclosure

TCFD Disclosure Recommendation	Our Progress	Reference
<b>Governance</b>		
1) Describe the board's oversight of climate-related risks and opportunities.	The Governance Committee of the Board of Directors reviews and monitors actions in furtherance of corporate social responsibility.	<a href="#">Governance Committee Charter</a>
2) Describe management's role in assessing and managing climate-related risks and opportunities.	Carrier's ESG Steering Committee is a formal team of cross-functional leaders responsible for driving ESG performance, including our climate change commitments, throughout the company. The committee regularly engages with the C-Suite as well as the Board of Directors to report progress.	<a href="#">Governance Frameworks, p. 53</a>
<b>Strategy</b>		
3) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Carrier has identified the following climate-related risks as potentially financially material to the organization: Global climate change and related regulations could negatively affect our business. Cooler than normal summers or warmer than normal winters may depress our sales. Natural disasters or other unexpected events may disrupt our operations, adversely affect our results of operations and financial conditions, and may not be covered by insurance.	<a href="#">Form 10 Information Statement, pp. 24-25</a>
4) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Carrier is committed to developing solutions and technologies that reduce energy consumption and GHG emissions. We offer sustainable solutions throughout our portfolio, and are committed to using low GWP refrigerants in all our applications to lower the GHG footprint of our products.	<a href="#">Innovating for a Sustainable World, pp. 13-23</a> <a href="#">Operations, pp. 24-36</a> <a href="#">Form 10 Information Statement</a>
5) Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	In 2020, we will conduct our first climate risk scenario analysis as a stand-alone company to determine the impacts that physical and transition climate risks have on our operations. These results will be disclosed in our CDP disclosure and 2021 ESG Report.	<a href="#">Innovating for a Sustainable World, pp. 13-23</a>
<b>Risk Management</b>		
6) Describe the organization's processes for identifying and assessing climate-related risks.	In 2020 Carrier completed our first materiality assessment to inform sustainability management and reporting. The Carrier ESG Steering Committee validated the results, which were endorsed by the Carrier Executive Leadership Team and Carrier's Board of Directors through its Governance Committee. We are integrating the climate-related risk identification and assessment and management processes within Carrier's Enterprise Risk Management program.	<a href="#">Materiality &amp; Stakeholder Engagement, pp. 11-12</a>
7) Describe the organization's processes for managing climate-related risks.	We are integrating the climate-related risk management process within Carrier's segments.	N/A
8) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	We are integrating the climate-related risk identification, assessment and management processes within Carrier's Enterprise Risk Management program.	N/A

TCFD Disclosure Recommendation	Our Progress	Reference
<b>Metrics &amp; Targets</b>		
9) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate-related metrics are listed in the "2020 Sustainability Goals Performance" section.	<a href="#">2020 Sustainability Goals Performance, pg. 31</a>
10) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	GHG emission metrics are listed in the "2020 Sustainability Goals Performance" section.	<a href="#">2020 Sustainability Goals Performance, pg. 31</a>
11) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Emissions targets and KPIs are listed in the "2020 Sustainability Goals Performance" section.	<a href="#">2020 Sustainability Goals Performance, pg. 31</a>



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