



## **COMPENSATION COMMITTEE CHARTER**

**April 3, 2020**

### **I. Purpose**

The Compensation Committee (the "Committee") is a standing committee of the Board of Directors (the "Board"). The purposes of the Committee are to discharge the responsibilities of the Board related to the compensation and benefits of Carrier's executives and other employees, to prepare an annual report on executive officer compensation for inclusion in Carrier's annual proxy statement and to consider other matters related to Carrier's compensation and benefits practices.

### **II. Composition**

The Committee's composition is determined by the Board, based upon the recommendations of the Governance Committee of the Board, and shall consist of at least three directors. Each Committee member shall satisfy the director independence requirements of the New York Stock Exchange, Rule 10C-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and qualify as a "Non-Employee Director" for purposes of Rule 16b-3 under the Exchange Act. Committee members should have a general understanding of executive compensation practices for the purpose of furthering the recruitment and retention of executives and key employees and aligning executive compensation with shareowner interests.

### **III. Meetings**

The Committee shall meet as often as it determines, but not less than four times per year. The Committee may meet more frequently and, as the Committee may require in fulfilling its responsibilities, it may meet privately with members of management and others. Committee Meetings shall be called, and the Committee shall act, only in accordance with Carrier's Bylaws.

### **IV. Responsibilities**

The responsibilities of the Committee include:

#### **A. Compensation Practices and Policies**

1. Review executive compensation practices and policies of Carrier to ensure that they adequately and appropriately align executive and shareowner interests.
2. Make recommendations to the Board regarding the adoption, amendment or termination of equity compensation programs that require Board or shareowner approval.

3. Approve the adoption, amendment and termination of incentive compensation and deferred compensation programs for Carrier's executives that require Board approval, subject to shareowner approval to the extent required under Carrier's Bylaws.
4. Oversee the administration of Carrier's equity and deferred compensation plans and programs for its executives and non-employee directors, and either approve, or recommend for Board approval, adoption or amendments to such plans and programs.
5. Review the design of pension and other post-retirement benefit plans that have a material impact on Carrier's executive compensation program.
6. Annually review a risk assessment of Carrier's compensation policies, plans and practices.

**B. Chief Executive Officer ("CEO") Compensation and Executive Chairman Compensation )**

1. Review and approve annual corporate goals and objectives relevant to CEO compensation and lead an evaluation of the CEO's performance against such goals and objectives as a Committee or together with the other independent directors (as directed by the Board). The Board's evaluation shall be communicated to the CEO annually by the Chairman and the Lead Director (if any), or by the Lead Director, if the Chairman is the Chief Executive Officer or Executive Chairman.
2. Determine and approve the CEO's compensation level based on the evaluation described in paragraph B.1. above, including: (a) the CEO's annual base salary; (b) the CEO's annual incentive compensation; and (c) awards to the CEO under Carrier's long-term incentive compensation plans, and any changes thereto.
3. As applicable, review and approve annual corporate goals and objectives relevant to Executive Chairman compensation and lead an evaluation of the Executive Chairman's performance against such goals and objectives as a committee or together with the other independent directors (as directed by the Board). The Board's evaluation shall be communicated to the Executive Chairman by the Lead Director.
4. As applicable, determine and approve the Executive Chairman's compensation level based on the evaluation described in paragraph B.3. above, including: (a) the Executive Chairman's annual base salary; (b) the Executive Chairman's annual incentive compensation; and (c) awards to the Executive Chairman under Carrier's long-term incentive compensation plans, and any changes thereto.

**C. Executive Compensation**

1. Review and approve a group of peer companies for the purpose of benchmarking executive compensation plans and practices. Peer companies, as approved by the Committee, shall have characteristics that make such companies relevant competitors for executive talent and compensation benchmarking purposes.
2. Review and approve the members of Carrier's Executive Leadership Group ("ELG").

3. Review and approve any changes to the roles or responsibilities of ELG members or executive officers subject to Section 16 of the Exchange Act ("Section 16 Officers").
4. Review and approve for ELG members and Section 16 Officers, changes to: (a) annual base salary; (b) annual incentive compensation; and (c) awards under Carrier's long-term incentive compensation plans.
5. Approve any severance or change-in-control arrangements, special or supplemental benefit arrangements and amendments to the foregoing for the CEO, Executive Chairman, ELG members or Section 16 Officers.
6. Establish and determine the satisfaction of performance goals for Carrier's executive incentive compensation plans.
7. Annually review and approve Carrier's practices for annual and long-term incentive awards for other executives and employees.
8. Review shareowner proposals relating to executive compensation matters.
9. Annually review compliance with Carrier stock ownership guidelines applicable to the CEO, Executive Chairman and ELG members.

**D. Proxy Statement**

1. Review and approve the Compensation Discussion and Analysis on executive compensation for inclusion in Carrier's annual proxy statement, in accordance with Securities and Exchange Commission ("SEC") rules.
2. Produce the annual Compensation Committee Report for inclusion in Carrier's proxy statement in compliance with SEC rules.
3. Review and approve Carrier statements regarding shareowner advisory votes on executive compensation and the frequency of such votes for inclusion in Carrier's annual proxy statement.

**E. Other**

1. Annually review the adequacy of this Charter and recommend any changes to the Board for approval.
2. Make regular reports to the Board.
3. Undertake such other matters as may be referred to the Committee from time-to-time.

**V. Authority**

1. The Committee shall have the sole authority to retain and terminate such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the advisor's independence from management, including those specified in Section 303A.05(c) of the NYSE Listed Company Manual. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of its advisors and shall

have sole authority to approve the advisor's fees and other terms and conditions of the advisor's retention. Carrier must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee.

2. Delegate, as appropriate, to the CEO, Chief Human Resources Officer, any other executive officer or Vice President, Total Rewards, the authority to grant and administer equity awards to employees of Carrier who are not directors, the CEO, the Executive Chairman, ELG members or Section 16 Officers, subject to such limitations as the Committee may determine.
3. The Committee shall have the authority to form and delegate authority to subcommittees; provided, that the Governance Committee has approved the formation of and delegation of authority to any such subcommittees.