



CORPORATE GOVERNANCE GUIDELINES
EFFECTIVE APRIL 3, 2020

A. FUNCTIONING OF THE BOARD

1. Size of the Board

Carrier's Bylaws provide for a board of 5 to 14 members. Within this range, the Board will determine the appropriate size of the Board from time to time based on existing conditions and circumstances.

2. Responsibilities of the Board of Directors

It is the responsibility of the directors to exercise their business judgment and to act in the best interests of Carrier and its shareowners in overseeing Carrier's business and affairs. Board oversight will be provided in a number of areas, including the selection and evaluation of senior executive management, the review of business objectives and major strategies, oversight of significant risks, and the establishment of corporate governance practices. Each director will be available to devote the significant time required to attend Board meetings, review Board materials and carry out his or her responsibilities as a director.

3. Election of Chairman of the Board and Designation of the Lead Director

As provided in Carrier's Bylaws, the Board shall annually elect one of its members to be Chairman of the Board. If the Board designates the Chairman as a non-executive Chairman of the Board, in addition to the duties of all Board members and of the Chairman (as set forth in Carrier's Bylaws and these Corporate Governance Guidelines), the specific responsibilities of the non-executive Chairman are set forth in Attachment A.

If the Chairman of the Board is not independent, the independent directors shall designate from among themselves a director to serve as Lead Director. In addition to the duties of all Board members and of the Lead Director (as set forth in these Corporate Governance Guidelines), the specific responsibilities of the Lead Director are set forth in Attachment A.

There is no fixed policy on whether the roles of Chairman of the Board and Chief Executive Officer should be separate or combined. This decision will be made in the best interests of Carrier considering the circumstances at the time.

As provided in Carrier's Bylaws, the Chairman of the Board shall preside over all meetings of the Board of Directors. If the roles of Chairman of the Board and Chief Executive Officer are separate, the Chief Executive Officer shall preside over all meetings of the Board of Directors when the Chairman is not present.

4. Board Composition

It is Board policy that a substantial majority of the directors shall be independent, in accordance with the requirements of applicable law and the listing standards of the New York Stock Exchange (“NYSE”).

5. Private Sessions of the Independent Directors

The independent directors shall meet in regularly scheduled private sessions without management. Other private sessions may be called by the non-executive Chairman of the Board or the Lead Director, as applicable, if deemed necessary. The non-executive Chairman or the Lead Director, as applicable, will preside at such private sessions when present.

6. Board Self-Evaluation

The Board will conduct an annual self-evaluation of the performance of the full Board, the standing committees of the Board, and individual directors. The Governance Committee is responsible for and will oversee the design and conduct of the annual self-evaluation. The self-evaluation will focus on the Board’s effectiveness and inform the Board’s consideration of (i) board roles, (ii) succession planning, (iii) refreshment objectives, and (iv) opportunities to increase the effectiveness of the Board. The self-evaluation process will be overseen by the Chairman and jointly led by the non-executive Chairman or Lead Director, as applicable, and the chair of the Governance Committee.

Each of the standing committees of the Board will also report to the Board annually on the committee’s self-evaluation of its own performance.

7. Board Interaction with Corporate Constituencies

Management is responsible for establishing effective communications with shareowners, customers, employees, governments, the press and other corporate constituencies. After consultation with management, individual directors may on occasion meet with representatives of corporate constituencies having an interest in Carrier. Management, absent unusual circumstances, should be present at such meetings.

B. BOARD MEMBERSHIP

1. Criteria for Board Membership

The Governance Committee periodically reviews and recommends for approval by the Board criteria for membership on the Board and the skills and characteristics required of Board members. The Board’s current policy is that candidates for the Board should have objectivity and independence in making informed business decisions; extensive knowledge, experience and sound judgment; the highest integrity; loyalty to the interests of Carrier and its shareowners; a willingness to devote the extensive time necessary to fulfill a director’s duties; the ability to contribute to the diversity of perspectives present in board deliberations; and an appreciation of the role of the corporation in society.

The Chief Executive Officer, in consultation with the Chairman of the Board (if the role is separate from the Chief Executive Officer) and the Governance Committee shall identify candidates for the Board. The Board has delegated the screening and evaluation process for director candidates to the Governance Committee. Director candidates who are nominated by the Governance Committee with the concurrence of the Board receive an invitation to join the

Board issued by the Chairman or the non-executive Chairman of the Board, as applicable, on behalf of the full Board.

2. Stock Ownership and Board Compensation

Each member of the Board is expected to be a long-term Carrier shareowner or holder of Carrier stock units. Toward that end, a majority of each non-management director's annual retainer is paid in Carrier stock units and the Board has adopted a Stock Ownership Requirements Policy, which specifies the minimum ownership values.

3. Independence of Directors

No director shall qualify as "independent" for purposes of the NYSE independence standards unless the Board affirmatively determines on an annual basis that the director has no material relationship with Carrier. The Board has adopted the standards set forth in its Director Independence Policy to assist it in making determinations of independence.

4. Conflicts of Interest

Directors must be loyal to and act in the best interests of Carrier and its shareowners. Directors must avoid conflicts of interest and any appearance thereof, as defined by applicable laws and as set forth in the Carrier Code of Ethics.

Prior to beginning service as a director, each new director will disclose all situations that could reasonably represent a conflict of interest by providing relevant financial and other information to Carrier. Carrier will provide a questionnaire intended to facilitate this process. All directors will update this information as changes occur.

Annually, Carrier will survey its directors to affirm compliance with this policy and to ensure that matters are reported publicly as required by applicable laws. These disclosures must include any "related person transactions," as defined by Securities and Exchange Commission regulations and NYSE listing standards. All disclosures will be made to the Corporate Secretary who, together with the Vice President, Global Ethics & Compliance, will review the circumstances with the Governance Committee or the Board, as appropriate. The Governance Committee or the Board, as appropriate, will determine whether a conflict of interest or "related person transaction" exists and decide the appropriate course of action, consistent with Carrier's best interests. The Board has adopted a Related Person Transactions Policy to assist it in reviewing potential related person transactions.

Any waiver with respect to a conflict of interest or related person transaction for a director or executive officer must be approved by the Governance Committee or the Board.

5. Director Orientation and Continuing Education

Each new director will participate in an orientation program to familiarize the director with the roles and responsibilities of the Board and its committees. The orientation program will also include reviews of Carrier's (i) business units, operations and management; (ii) strategic plans; (iii) financial statements and significant financial, accounting and risk management issues; (iv) compliance programs and the Code of Ethics; and (v) the internal audit function and independent auditors. The orientation will include meetings with key executives and, to the extent practical, visits to significant facilities and operations. The new director orientation program will also include reviews of specific topics based on each director's committee assignments.

Additional presentations and materials will be provided to the directors from time to time on an individual basis or collectively, as appropriate, to familiarize the directors with new developments, as necessary to allow them to carry out their responsibilities as Board and committee members. The Board will endeavor to conduct at least one annual on-site visit to a Carrier operating unit, familiarizing directors with the operations of that unit and facilitating direct interaction between directors and operating personnel as appropriate. Directors are also encouraged to attend outside continuing education programs for directors and will be reimbursed by Carrier for the cost of such programs and related expenses. The Corporate Secretary will assist directors in identifying such programs.

6. Uncontested Director Elections

In an uncontested election of directors, any nominee for director who is an incumbent director and who receives a greater number of votes cast “against” than votes “for” his or her election will promptly tender his or her resignation to the Chair of the Governance Committee following certification of the shareholder vote. The Governance Committee will promptly make a recommendation to the Board about whether to accept or reject the tendered resignation.

The Board will act on the Governance Committee’s recommendation no later than 90 days after the date of the shareowners’ meeting. The Board will consider the Governance Committee’s recommendation and any additional information the Board believes to be relevant in deciding whether to accept the tendered resignation. Carrier will promptly publicly disclose the Board’s decision (providing an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation) in a Form 8-K filed with the Securities and Exchange Commission.

To the extent that the Board accepts one or more directors’ resignations, the Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board. The Board will consider the Governance Committee’s recommendation and any additional information the Board believes to be relevant in deciding whether to fill such vacancy or vacancies and/or to reduce the size of the Board.

Any director who tenders his or her resignation pursuant to this provision will not participate in the Governance Committee recommendation or Board consideration regarding the tendered resignation. If a majority of the members of the Governance Committee receive a majority vote “against” in the same election, then the independent directors who did not receive a majority vote “against” will appoint a Board committee amongst themselves solely to consider the tendered resignations and to recommend to the participating eligible Board members whether to accept or reject each resignation.

7. Change in Primary Responsibilities/Outside Board Memberships

If a director’s principal employment or principal responsibilities outside of Carrier change substantially, the director will offer to resign from the Board. The Governance Committee will recommend to the Board whether the resignation should be accepted.

Continued Board service should also be reviewed if there is a change in the number of public company boards on which a director serves. For Audit Committee members, continued service on that committee should be reviewed if there is an increase in the number of public company audit committees on which the director serves.

The Board has authorized the Governance Committee to examine the appropriateness of a director’s continuing Board or committee service in each such instance. A director may not serve on the boards of more than four other public companies in addition to the Carrier Board.

Members of the Board will also notify the Chairman of the Board or the Corporate Secretary prior to joining the board of a public company or for-profit company in order to permit a review of any relationship between Carrier and such other entity that may affect the independence of the director, require disclosure or conflict with other legal requirements.

8. Board Membership of a Former Chief Executive Officer

If the Chief Executive Officer resigns that position and is also a member of the Board, he or she will offer to resign from the Board at the same time. A decision on whether to accept the resignation will be discussed by the Board and with the new Chief Executive Officer. This is a matter to be decided based on the facts in each instance.

9. Term Limits/Retirement

There are no fixed term limits for members of the Board since such a policy could deprive Carrier of the benefit of the experience and insight into Carrier's operations that develop and strengthen over time.

The current policy of the Board is that directors shall not stand for reelection and shall retire from the Board as of the annual meeting of shareowners following their attainment of age seventy-five (75). The Board retains the authority to approve exceptions to this policy based upon special circumstances.

C. COMMITTEE ORGANIZATION

The Board has established the following standing committees to assist in the performance of the Board's duties: Audit, Governance, and Compensation. The Audit, Governance and Compensation Committees shall be composed solely of independent directors. The rotation of committee assignments is not mandated as a matter of policy. Subject to applicable legal and NYSE listing requirements, the Board may form new committees or disband existing committees depending upon its needs and circumstances.

D. BOARD AND COMMITTEE MEETINGS

1. Agendas and Schedules for Meetings

The Chairman of the Board, in consultation with the Chief Executive Officer and/or the Lead Director, as applicable, shall plan and approve the schedule and agenda for all meetings of the Board to be held during the year. Agendas shall include key subjects to be presented and discussed during such meetings, as well as periodic reviews of long-term strategic objectives and management development plans.

The chair of each Board committee shall establish the agenda and determine the frequency and length of the respective committee meetings. Special meetings of each Board committee may be called by any two members of the committee or by the Chairman of the Board, in consultation with the Chief Executive Officer and/or the Lead Director, as applicable.

Directors are encouraged to suggest at any time agenda items for Board or committee meetings, to request additional meeting materials and to raise at any Board or committee meeting subjects not on the agenda for that meeting.

The Chairman of the Board, the Chief Executive Officer and the Lead Director (as applicable) are expected to attend, to the extent feasible, all Board committee meetings.

2. Board Materials and Presentations

The Chairman of the Board, in conjunction with the Chief Executive Officer and/or the Lead Director, as applicable, shall approve information sent to the Board of Directors.

Consistent with the efficient use of time and resources and to the extent practicable, briefing materials and supporting data related to matters to be reviewed at planned meetings are distributed to directors sufficiently in advance of Board meetings to allow appropriate consideration. Management should exercise judgment as to materials appropriate for advance distribution.

Senior executives are encouraged to attend Board meetings, as appropriate, at the invitation of the Chief Executive Officer, the Board, the Chairman and/or the Lead Director (as applicable). Similarly, senior executives are encouraged to bring other executives to Board meetings or to other Board functions, as appropriate, who are high potential individuals who would benefit from exposure to the Board, or who are subject area experts who may contribute to the Board's discussions.

E. BOARD OVERSIGHT OF MANAGEMENT

1. Evaluation of the Chief Executive Officer and/or the Chairman (as applicable)

The performance of the Chief Executive Officer and/or the Chairman, as applicable, is subject to ongoing evaluation by the Board, which is communicated to him or her annually by the non-executive Chairman or the Lead Director, as applicable; provided, that if there is an Executive Chairman of the Board, then the Executive Chairman, in conjunction with the Lead Director, will communicate the annual performance evaluation to the Chief Executive Officer. This annual evaluation is based on objective criteria, including performance of the business, accomplishment of long-term strategic objectives, development of management, and other more subjective criteria. The evaluation is used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer, and/or the Chairman, as applicable.

2. Board Access to Management and Advisors

Board members will have full access to all management and, as necessary and appropriate, independent advisors.

3. Management Development and Succession Planning

The Board reviews succession planning and management development on an annual basis. The Board also has available on a continuing basis the Chief Executive Officer's recommendations as to his or her successor should the Chief Executive Officer unexpectedly be unable to serve.

4. Shareowner Communications

Shareowners and other interested persons may send communications to the Board, the Chairman of the Board or the Lead Director (as applicable), or to one or more independent directors through the various methods provided on Carrier's website. Communications relating to Carrier's accounting, internal controls, auditing matters or business practices will be reviewed by the Carrier Global Ethics and Compliance Office and reported to the Audit Committee in accordance with Section E.5., below. All other communications will be reviewed by the Corporate Secretary and reported to the Board, as appropriate.

5. Audit Committee Communications

The Audit Committee has established and authorized the Vice President, Global Ethics & Compliance, to maintain procedures for the receipt, retention and treatment of complaints received by Carrier regarding: (i) accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by Carrier employees, shareowners and other interested persons of concerns regarding questionable accounting or auditing matters, and business practices. These complaints and concerns can be communicated to a Carrier Ethics & Compliance Officer or by using the Carrier Anonymous Reporting Program through the methods provided on Carrier's website. The Vice President, Global Ethics & Compliance, will review and investigate, as appropriate, such complaints and concerns and report thereon to the Audit Committee on a regular basis.

6. Review of Government Relations and Political Action Committees

The Board shall review and monitor Carrier's conduct of government relations activities, including the activities of any political action committees.

ATTACHMENT A

NON-EXECUTIVE CHAIRMAN/LEAD DIRECTOR RESPONSIBILITIES

- A.** The non-executive Chairman of the Board or the Lead Director, as applicable, is responsible for the management, development and effective functioning of the Board of Directors and provides leadership in every aspect of its work.
- B.** The non-executive Chairman of the Board or the Lead Director, as applicable, acts in an advisory capacity to the Chief Executive Officer and/or the Chairman, as applicable, and to management in matters concerning the interests of the organization and the Board of Directors and relationships between management and the Board of Directors.
- C.** Specific responsibilities of the non-executive Chairman of the Board and/or Lead Director shall include:
- 1. Preside at Board of Directors and Shareowner Meetings**
 - a.** The non-executive Chairman of the Board shall preside at all meetings of the shareowners and the full Board of Directors. The Lead Director shall preside at all meetings of the full Board of Directors when the Chairman and the Chief Executive Officer are not present;
 - b.** Develop agendas for and preside at all private sessions of the independent directors. Provide feedback regarding such sessions to the Chief Executive Officer, and/or the Chairman, as applicable;
 - 2. Call Meetings of the Board of Directors and of Shareowners**
 - a.** The non-executive Chairman of the Board has the authority to call meetings of the full Board of Directors, private sessions of the independent directors and meetings of the shareowners. The Lead Director has the authority to call private sessions of the independent directors or special meetings of the Board of Directors;
 - 3. Perform other Corporate Governance Functions**
 - a.** In conjunction with the Chief Executive Officer and/or the Chairman, as applicable, ensure that the respective responsibilities of the Board of Directors and management are understood, and that the boundaries between Board of Directors' and management responsibilities are respected;
 - b.** At the request of the Board of Directors, serve as liaison on Board-wide issues between the independent members of the Board of Directors and the Chief Executive Officer and/or the Chairman, as applicable;
 - c.** In conjunction with the Chief Executive Officer and/or the Chairman of the Board, as applicable, plan and organize the activities of the Board of Directors, including:
 - 1.** The agendas and schedules for meetings as contemplated by Section D.1 of these Corporate Governance Guidelines;

2. The formation of Committees and the integration of their activities with the work of the Board of Directors;
3. The ongoing formal and informal communication with and among directors;
4. Where Board of Directors functions have been delegated to committees, ensure that the results and actions are reported to the Board of Directors;
5. Facilitate succession planning and management development as contemplated by Section E.3 of these Corporate Governance Guidelines;
6. Jointly lead with the chair of the Governance Committee, the Board of Directors self-evaluation contemplated by Section A.6 of these Corporate Governance Guidelines, and work with the Governance Committee to address any issues that arise relating to the performance of individual directors;
7. Ensure that ongoing evaluation and compensation of the Chief Executive Officer and/or the Chairman, as applicable, by the Board of Directors is conducted and communicated as contemplated by Section E.1 of these Corporate Governance Guidelines; and
8. Fulfill special assignments at the request of the Chief Executive Officer and/or the Chairman, as applicable, and the Board of Directors;

4. **Relations with Shareowners and other Stakeholders**

- a. As contemplated by Section A.7 of these Corporate Governance Guidelines, at the request of management or major shareowners, meet, as representative of the Board of Directors, on occasion with representatives of significant constituencies having an interest in Carrier, and ensuring his or her availability for such occasions;

5. **Authorize Retention of Outside Advisors and Consultants**

- a. Authorize the retention of outside advisors and consultants who report directly to the Board of Directors on Board-wide issues.