



# **CORPORATE GOVERNANCE PRINCIPLES**

**Effective APRIL 13, 2022**

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To promote and maintain effective governance practices, the Carrier Global Corporation (“Carrier”) Board of Directors (“Board”) has adopted the following Corporate Governance Principles:

## **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 shall determine the appropriate size of the Board from time to time based on existing conditions and circumstances.

### **2. Responsibilities of the Board**

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. The Board recognizes that the long-term interests of Carrier and its shareowners are also advanced by responsibly addressing the concerns of other stakeholders, including Carrier employees, customers, suppliers, and communities.

The Board’s oversight responsibilities include: (i) selecting and evaluating the performance of senior executive management; (ii) reviewing, monitoring and, where appropriate, approving business objectives and major strategies; (iii) overseeing significant risks and risk management activities; and (iv) establishing and further enhancing corporate policies and governance practices that promote and maintain the integrity of Carrier.

Each director is expected to be available to devote the significant time required to attend all Board and committee meetings (as members) and the annual meeting of shareowners, 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 Independent 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 Principles), 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 Independent Director. In addition to the duties of all Board members and of the Lead Independent Director (as set forth in these Corporate Governance Principles), the specific responsibilities of the Lead Independent 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. 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 when the Chairman is not present.

### 4. Board Composition

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. Executive Sessions of the Independent Directors

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

### 6. Board Self-Evaluation

The Board will conduct an annual self-evaluation of the performance of the Board, the standing committees of the Board, and individual directors. The Governance Committee is responsible for and will oversee the design and implementation of the 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 enhance the effectiveness of the Board. The self-evaluation process



will be jointly led by the non-executive Chairman or Lead Independent Director, as applicable, and the chair of the Governance Committee or another member of the Governance Committee (designated by the members of the Committee) if the Lead Independent Director is also chair of that 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.

Following this review, the Board will discuss the results and identify opportunities for improvement, including the steps to implement such improvements.

## 7. Board Interaction with Corporate Constituencies

Management is responsible for establishing effective communications with shareowners, employees, customers, partners, suppliers, governments, the press, and other corporate constituencies. Directors should refer all inquiries from any such constituencies to management. 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 the appropriate attributes required of directors and the Board as a whole – given the Board's composition, evolving business requirements, and the long-term interests of Carrier, its shareowners, and other stakeholders. Attributes expected of all candidates include: (i) objectivity and independence; (ii) sound judgment; (iii) the highest integrity; (iv) effective collaboration; (v) loyalty to the interests of Carrier and its shareowners; (vi) the ability and willingness to devote the time necessary to fulfill a director's duties; and (vii) the ability to contribute to the diversity of perspectives present in board deliberations.

In evaluating the suitability of a candidate, in addition to the foregoing attributes, the Board considers many factors, including the candidate's: (a) general understanding of global business, finance, risk management, technology, and other disciplines, and policy matters relevant to the success of a large publicly traded company; (b) understanding of Carrier's business and industry; (c) senior leadership experience; (d) educational and professional background; (e) personal accomplishments; and (f) diversity with respect to a broad range of personal characteristics.

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 will 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. Non-Employee Director Compensation and Stock Ownership

The compensation of non-employee directors will be reviewed and approved by the Board upon the recommendation of the Governance Committee.

To align the interests of directors and shareowners, each director is expected to be a long-term Carrier shareowner or holder of Carrier stock units. Toward that end, a majority of each non-employee director's annual compensation is paid in Carrier stock units and the Board, upon the recommendation of the Governance Committee, has adopted a Share Ownership Requirements policy, which specifies the minimum ownership values.

## 3. Independence of Directors

No director shall qualify as "independent" for purposes of the NYSE listing 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. Conflict of Interests and Related Person Transactions

Directors must be loyal to and act in the best interests of Carrier and its shareowners. Directors must avoid conflicts of interests 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 interests 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 ("SEC") regulations and NYSE listing standards. All disclosures will be made to the Corporate Secretary who, together with the chief compliance officer, 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 interests 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.

In the event that the Board or any Committee considers matters that could potentially present an actual, potential, or apparent conflict of interest for a director, the director will



notify the Chairman or Lead Independent Director and, if appropriate, recuse himself or herself from those deliberations and/or refrain from voting on the matter. 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

The Governance Committee and management are responsible for director orientation and continuing education to assist directors in maintaining the skills necessary or appropriate to perform their responsibilities.

Board orientation will familiarize the director with the roles and responsibilities of the Board and its committees. The orientation 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 topics related to the 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 provide information about new developments or special topics. Directors are also encouraged to attend outside continuing education programs and will be reimbursed by Carrier for the cost of such programs and related expenses.

## 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 shareowner 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 that the Board believes is relevant in deciding whether to accept the tendered resignation. Carrier will promptly 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 SEC.

If 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 is 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 or Board deliberations 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 directors whether to accept or reject each resignation.

#### 7. Change in Primary Responsibilities/Outside Board Memberships

A director will offer to resign from the Board if the director's principal employment or principal responsibilities outside of Carrier change substantially. The Governance Committee will recommend to the Board whether to accept the resignation.

Continued service on the Board will also be reviewed if there is a change in the number of public company boards on which a director serves. Similarly, continued service on the Audit Committee will be reviewed if there is an increase in the number of public company audit committees on which the director serves. The Governance Committee will review the appropriateness of a director's continued Board or Committee service in each such instance, and provide its recommendation to the Board pursuant to the limits set forth below.

A director may not serve on more than five public company boards (including Carrier's Board). A director who serves as chief executive officer or an executive officer of Carrier, may not serve on more than two public company boards (including Carrier's Board). A member of the Carrier Audit Committee should not serve on the audit committee of more than three public companies (including Carrier's Audit Committee). Members of the Board will also notify the Chairman of the Board or the Corporate Secretary before joining the board of a public company or a 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. No Term Limits / Retirement

There are no fixed term limits for members of the Board because such a policy could deprive Carrier of the benefit of the experience and insight into Carrier's operations and objectives that develop and strengthen over time. Moreover, because each director is subject to annual election by Carrier's shareowners, the Board does not believe that it is in the best interests of Carrier to establish term limits.

Directors will not be nominated for election at the annual meeting of shareowners following their 75<sup>th</sup> birthday. The Board retains the authority, however, to approve exceptions to this policy in special circumstances.

## C. BOARD COMMITTEES

The Board has established the following standing committees to assist in the performance of the Board's duties: Audit, Governance, Compensation, and Technology and Innovation. The Audit, Governance, Compensation, and Technology and Innovation Committees shall comprise solely of independent directors. Subject to applicable legal and NYSE listing requirements, the Board may form new committees or disband such committees depending upon its needs and circumstances. Each committee will perform its duties as assigned by the Board in compliance with Carrier's Bylaws and the committee's charter.

Committee members will be appointed by the Board upon the recommendation of the Governance Committee. There are no fixed terms for service on committees and the rotation of committee assignments is not mandated as a matter of policy. Committee meetings are generally held in conjunction with full Board meetings.

## D. BOARD AND COMMITTEE MEETINGS

### 1. Agendas and Schedules for Meetings; Attendance

The Chairman of the Board, in consultation with the Chief Executive Officer and/or the Lead Independent 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, if there is only one member, by that member in coordination with the Chairman of the Board, or if the member is the Chairman of the Board, then by the Chairman of the Board) or by the



Chairman of the Board, in consultation with the Chief Executive Officer and/or the Lead Independent 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.

Directors are expected to attend each Board meeting and each meeting of the committee upon which they serve. The Chairman of the Board, the Chief Executive Officer, and the Lead Independent Director (as applicable) are expected to attend, to the extent feasible, all Board and committee meetings.

## 2. Board Materials and Presentations

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

Consistent with the efficient use of time and resources and to the extent practicable, briefing materials related to matters to be reviewed at planned meetings should be distributed to directors sufficiently in advance of Board meetings to allow appropriate consideration.

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 Independent 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 the Chairman (if the role is separate from the Chief Executive Officer) is subject to ongoing evaluation by the Board, which is communicated to him or her annually by the non-executive Chairman or the Lead Independent Director, as applicable; provided, that when there is a Chairman of the Board and the role is separate from the Chief Executive Officer, then the Chairman, in conjunction with the Lead Independent Director, will communicate the annual performance evaluation to the Chief Executive Officer. This annual evaluation shall be 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 the Chairman (if the role is separate from the Chief Executive Officer).

## 2. Board Access to Management and Advisors

Board members will have full access to all management and, as necessary and appropriate, independent advisors. The Board has the authority to retain and compensate independent legal or other advisors as deemed necessary or appropriate to assist in the performance of its duties. Carrier must provide for appropriate funding, as determined by the Board, for payment of reasonable compensation to any advisor retained by the Board, as well as funding for the payment of ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.

## 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 Independent 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 chief compliance officer, 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 chief compliance officer, 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 chief compliance officer will review and investigate, as appropriate, such complaints and concerns and report thereon to the Audit Committee on a regular basis.



**ATTACHMENT A  
NON-EXECUTIVE CHAIRMAN/LEAD INDEPENDENT DIRECTOR  
RESPONSIBILITIES**

- A.** The non-executive Chairman of the Board or the Lead Independent Director, as applicable, is responsible for the management, development and effective functioning of the Board and provides leadership in every aspect of its work.
- B.** The non-executive Chairman of the Board or the Lead Independent 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 and relationships between management and the Board.
- C.** Specific responsibilities of the non-executive Chairman of the Board and/or Lead Independent Director shall include:
1. Preside at Board and Shareowner Meetings
    - a. The Chairman of the Board shall preside at all meetings of the shareowners and the full Board. The Lead Independent Director shall preside at all meetings of the full Board when the Chairman and the Chief Executive Officer are not present;
    - b. Develop agendas for and preside at all executive 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 and of Shareowners
    - a. The non-executive Chairman of the Board has the authority to call meetings of the full Board, executive sessions of the independent directors and meetings of the shareowners. The Lead Independent Director has the authority to call executive sessions of the independent directors or special meetings of the Board;
  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 and management are understood, and that the boundaries between Board's and management responsibilities are respected;



- b. At the request of the Board, serve as liaison on Board-wide issues between the independent members of the Board 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, including:
    - i. The agendas and schedules for meetings as contemplated by Section D.1 of these Corporate Governance Principles;
    - ii. The formation of committees and the integration of their activities with the work of the Board;
    - iii. The ongoing formal and informal communication with and among directors;
    - iv. Where Board functions have been delegated to committees, ensure that the results and actions are reported to the Board;
    - v. Facilitate succession planning and management development as contemplated by Section E.3 of these Corporate Governance Principles;
    - vi. Jointly lead with the chair of the Governance Committee, the Board self-evaluation contemplated by Section A.6 of these Corporate Governance Principles, and work with the Governance Committee to address any issues that arise relating to the performance of individual directors;
    - vii. Ensure that ongoing evaluation and compensation of the Chief Executive Officer and/or the Chairman, as applicable, by the Board is conducted and communicated as contemplated by Section E.1 of these Corporate Governance Principles; and
    - viii. Fulfill special assignments at the request of the Chief Executive Officer and/or the Chairman, as applicable, and the Board;
4. Relations with Shareowners and other Stakeholders
- a. As contemplated by Section A.7 of these Corporate Governance Principles, at the request of management or major shareowners, meet, as representative of the Board, 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 on Board-wide issues.