



# ENVIRONMENTAL, SOCIAL & GOVERNANCE

## 2022 REPORT



# Inspiring confidence in a better future.

At Carrier, our solutions are creating a healthy, safe, sustainable and intelligent world for generations to come. Building on a legacy of sustainability leadership, we set ambitious goals and push ourselves to help solve some of the planet's most complex challenges.

We support customers in reaching their decarbonization goals while also reducing food waste through our growing suite of sustainability solutions and services. We are expanding electric and digital building and cold chain technologies, while using refrigerants with lower global warming potential.

Carrier continuously incorporates sustainable practices within our operations and invests in our people. We provide opportunities for employees to build lifelong skills and advance their careers, and we focus on fostering an inclusive and diverse culture where all Carrier employees feel like they *\_belong\_*.

The progress we are making today will positively impact tomorrow for the planet, people and communities. Together, we are inspiring confidence in a better future.



# Table of Contents

<b><u>Introduction</u></b>	<b>3</b>	<b><u>People</u></b>	<b>26</b>
<u>About This Report</u>	3	<u>Culture &amp; Engagement</u>	28
<u>A Message From Our Chairman &amp; Chief Executive Officer</u>	4	<u>Inclusion &amp; Diversity</u>	30
<u>About Carrier</u>	6	<u>Flexible Work</u>	36
<u>Secular Trends Driving Growth</u>	7	<u>Development &amp; Career Growth</u>	36
<u>Programs</u>	8	<u>Benefits</u>	39
<u>Carrier Sustainability &amp; ESG</u>	10	<u>Health &amp; Safety</u>	40
<u>2021 Highlights</u>	14	<b><u>Communities</u></b>	<b>42</b>
<b><u>Planet</u></b>	<b>15</b>	<u>Positively Impacting Communities</u>	43
<u>Advancing Toward 1 Gigaton</u>	16	<u>Investing in Education</u>	44
<u>Innovation, Research &amp; Development</u>	17	<u>Promoting Sustainability</u>	45
<u>Product Safety &amp; Quality</u>	19	<b><u>Governance</u></b>	<b>47</b>
<u>Environment, Health &amp; Safety</u>	20	<u>Stakeholder Engagement</u>	49
<u>Energy &amp; Greenhouse Gas Emissions</u>	21	<u>Customer Experience &amp; Satisfaction</u>	50
<u>Water</u>	23	<u>Ethics &amp; Compliance</u>	50
<u>Waste &amp; Recycling</u>	23	<b><u>ESG Indices</u></b>	<b>53</b>
<u>Responsible Supply Chains</u>	24	<u>Materiality Assessment &amp; ESG Topics</u>	54
		<u>GRI Content Index</u>	56
		<u>SASB Disclosure</u>	79
		<u>TCFD Disclosure</u>	80

## About This Report

Carrier's 2022 Environmental, Social & Governance (ESG) Report covers performance for calendar year 2021. Where relevant, we include key data and information from 2022. 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.



David Gitlin, Chairman  
& Chief Executive Officer

As the leading global provider of healthy, safe, sustainable and intelligent building and cold chain solutions, Carrier is at the epicenter of some of the world's most critical secular trends. With an increased focus on health and wellness, sustainability, digitalization and a growing middle class, the work we do matters now more than ever for people and our planet.

Nine of the last 10 years have been among the hottest on record, and the United Nations has issued an urgent call for climate action from governments, businesses and cities alike. At Carrier, we are well-positioned to make a meaningful difference.

Today, HVAC systems account for approximately 40% of a building's energy consumption, and approximately 40% of energy-related global greenhouse gas emissions come from the building sector. HVAC contributes an estimated 15% of the world's greenhouse gas emissions. Similarly, food waste is a significant driver of greenhouse gas emissions. If it were a country, food waste would be the third-largest emitter of greenhouse gases.

When combined, HVAC and food waste contribute an estimated 25% of annual greenhouse gas emissions.

Carrier embraces environmental, social and governance (ESG) progress through measures to improve the planet, people and communities. We play an important role in decarbonizing the global economy. We are innovating solutions and services that enable our customers to achieve their sustainability goals, and we are continuously incorporating sustainable practices within our operations. We are committed to reaching carbon neutrality in our operations and reducing the carbon footprint of our customers by more than 1 gigaton by 2030.

We are making measurable progress against our 2030 ESG goals. Since 2020, the adoption of our high-efficiency and lower global warming potential refrigerant products as well as avoided food waste has helped our customers avoid approximately 137 million metric tons of greenhouse gas emissions, which is equal to the annual energy use of more than 16 million U.S. homes. EcoEnergy Insights' CORTIX platform, part of our Abound suite of solutions, saved our customers half a billion kilowatt-hours of energy in 2021, which is equivalent to the amount of carbon sequestered annually by more than 430,000 acres of U.S. forests. We are proud that Lynx, our cloud-based digital offering developed in collaboration with Amazon Web Services, was recognized by Fast Company as one of 2021's World Changing Ideas.

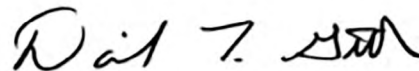
Our other successes include introducing an air-cooled chiller heat pump platform in Europe with 70% lower global warming potential than previous platforms, being first to market with electrically powered refrigeration units for trailers and launching zero-emission electric truck refrigeration technology. Our manufacturing site in Indianapolis achieved zero waste to landfill certification by converting waste to energy and other uses.

We are also accelerating innovation through investments in emerging and disruptive technologies to bring the next generation of sustainable, intelligent solutions to the market. We are committed to spending \$2 billion on the development of sustainable solutions by 2030, and we are nearly one-quarter of the way there in just two years. Our global venture capital group, Carrier Ventures, engages in deep collaboration and strategic partnerships along with providing equity investments in companies developing sustainable innovation and disruptive technologies for building and cold chain management.

A key driver underlying our progress is an engaged culture that embraces inclusion and diversity. We continue to recruit more diverse talent, working toward our goal of having a workforce that reflects the communities in which we work. We invest in our people through employee development and continuous learning programs, and have introduced a new global flex work philosophy.

In communities around the globe, we support civic, cultural, economic and social welfare organizations and participate in programs and initiatives that are making the world more healthy, safe, sustainable and intelligent for generations to come.

I am proud of the progress we have made. While there is certainly more to do, our diverse team is working diligently to make our commitments a reality as we create solutions that matter for people and our planet. Thank you for supporting us in this critical endeavor.



**David Gitlin**

Chairman & Chief Executive Officer, Carrier

“ Our diverse team is working diligently to make our commitments a reality as we create solutions that matter for people and our planet. ”

# About Carrier

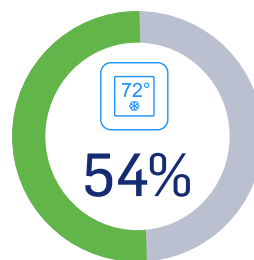
Carrier is the leading global provider of healthy, safe, sustainable and intelligent building and cold chain solutions, with a diverse and world-class workforce. Through our performance-driven culture, we are driving long-term shareowner value by growing sales and investing strategically to strengthen our position in the markets we serve.



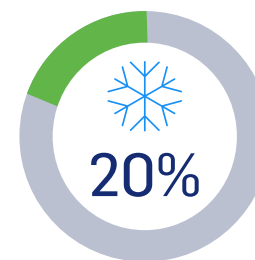
\* Segment sales include intercompany sales.

Read in conjunction with [Form 10-K](#).

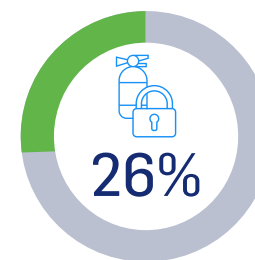
## 2021 Net Sales Breakdown



**HVAC**  
COMMERCIAL &  
RESIDENTIAL  
**\$11.4B**  
Net sales\*



**REFRIGERATION**  
TRANSPORT &  
COMMERCIAL  
**\$4.1B**  
Net sales\*



**FIRE & SECURITY**  
RESIDENTIAL, COMMERCIAL  
& INDUSTRIAL  
**\$5.5B**  
Net sales\*



- Americas 54%
- EMEA 29%
- Asia Pacific 17%



- New Equipment 73%
- Aftermarket 27%

## Secular Trends Driving Growth

Carrier lives at the intersection of secular drivers, including health and wellness, sustainability, digitalization and a growing middle class.

As cities grow, competing demands for natural resources strain infrastructure and food supply. Energy demand for space cooling has more than tripled since 1990, making it the fastest-growing energy end use in buildings.

Around the world, food is wasted on an alarming scale, which leads to nearly 9% of the world population going to bed hungry each night. If food waste were a country, it would be the third-largest emitter of greenhouse gases (GHGs), representing 10% of global annual climate emissions.

At Carrier, we have the unique ability to inspire confidence and help address global climate change with more sustainable solutions. Few companies are positioned as well to make such a positive impact. From enabling the clean energy transition to fostering the move toward lower global warming potential (GWP) refrigerants, addressing climate change is a key tenet of our growth strategy.

### Secular Trends Driving Building Transformation

Buildings account for  
**~40%**  
of energy-related  
GHG emissions.

Integrated smart  
building systems can  
reduce energy use by  
**~10%-20%**.

People spend  
**~90%**  
of their time indoors.

Indoor air can be  
**3-5x**  
more polluted  
than outdoor air.

### Secular Trends Driving Cold Chain Transformation

Eliminating food waste  
can decrease annual  
global GHG emissions by  
**~10%**.

**475M**  
tons of food can be  
saved annually with  
effective refrigeration.

**>50%**  
of all perishable food  
loss could be avoided  
by using cold chain  
technology.

**>\$1T**  
is lost annually by  
retailers due to supply  
chain inefficiencies.

## Programs

Carrier innovates to address the needs of people and our planet through our key programs – Healthy Buildings, Healthy Homes and Connected Cold Chain.

### Healthy Buildings

We help optimize built environments in ways that improve operational efficiency and positively impact occupants – from helping to ensure physical safety and security to improving health, productivity and cognitive performance.

Leveraging our expertise, global footprint and rapid innovation capabilities, we use a lifecycle approach to address nearly all aspects of buildings, with an industry-leading portfolio of advanced equipment, services and automation offerings covering HVAC and Fire & Security. Across a range of building types, we help improve indoor air quality, help detect and prevent fires, and enable touchless interactions. Our solutions meet the unique needs of each industry, including commercial buildings, healthcare, hospitality, education, retail and marine.

#### Carrier Certified Healthy Air Systems

Carrier Certified Healthy Air Systems is a building site certification that indicates a building's indoor air quality solutions meet or exceed Carrier's system standards. Certified sites receive visual verification to assure occupants that building systems can support a healthy and safe indoor environment. The certification is an effective way for building owners and operators to meet the U.S. Environmental Protection Agency's "Clean Air in Buildings Challenge" to improve indoor air quality.

#### Spotlight

##### World Green Building Trends 2021

Dodge Data & Analytics and Carrier have partnered on research on global green building trends since 2008. The fourth edition of the [World Green Building Trends SmartMarket Report](#) reveals that architects, engineers, contractors, owners and investors from 79 countries expect to engage in more green building in the next three years.

##### Top business benefits of green building, according to respondents:

66% lower operating costs	62% improved user/occupant health and well-being	32% education of users/occupants about sustainability	32% documentation/certification providing quality assurance
33% future-proofing assets			

### Healthy Homes

Carrier's Healthy Homes Program includes a suite of targeted solutions that can help improve the overall health and safety of homes and the people inside. Carrier products, including air conditioners, air purifiers and humidifiers, serve dual purposes. They make homes more comfortable and help make the air inside fresher and cleaner. Fire safety products, such as smoke and carbon monoxide alarms, fire extinguishers and other fire safety accessories, can help protect people, pets and the structures of homes in the event of a fire. When properly placed and tested, they can help save lives and minimize damage to property.



## Connected Cold Chain

Dramatic changes worldwide have underscored the importance and challenges of getting food and medicine to the people who need them. Through industry-leading services, solutions and expertise across the cold chain, Carrier is helping to preserve, protect and extend the world's supply of food and medicine.

Today's cold chain is fragmented with different providers and technologies at each stage of the supply chain, meaning limited visibility into the location, condition and handling of goods while en route and significant risk of temperature fluctuations from human error, equipment malfunctions and external events.

**Investment in the cold chain – specifically pre-cooling, transport refrigeration equipment and temperature monitoring systems – can reduce food loss by 76% and reduce carbon dioxide (CO<sub>2</sub>) equivalent emissions by 16%.**

The cold chain is a logistics network that uses refrigeration to provide uninterrupted, temperature-controlled transport and storage of perishable goods from producer to consumer. It impacts human life every day – helping to ensure that the foods we eat reach tables around the world, and medications safely move for patient use and clinical trials, all while helping to alleviate global hunger and reduce the environmental and societal impact of food waste.

Developing sustainable cold chain solutions involves using the most sustainable refrigerants where possible. The natural refrigerant CO<sub>2</sub> is Carrier's preferred option in commercial refrigeration and in some of our container refrigeration systems.

For warehouses, distribution centers, food and goods processing sites or sports venues, PowerCO<sub>2</sub>OL is Carrier's most powerful refrigeration rack and the right natural solution for high-cooling-capacity applications with low environmental impact. Including a heat pump, the heat recovery system allows customers to use the same installation for the supply of their domestic hot water networks and heating circuits for their facilities.

### Spotlight Lynx

Developed in collaboration with Amazon Web Services, Carrier's Lynx platform allows customers to leverage data to improve the effectiveness, efficiency and sustainability of their supply chains. By enhancing visibility, resiliency, agility and efficiency in the cold chain, the cloud-connected Lynx digital platform helps reduce loss and supports real-time decisions, ensuring foods and vital medications safely reach people around the world who need them. Lynx was recognized among Fast Company's 2021 World Changing Ideas, which focuses on social good and solutions that make the world better.

### Spotlight World Cold Chain Symposium

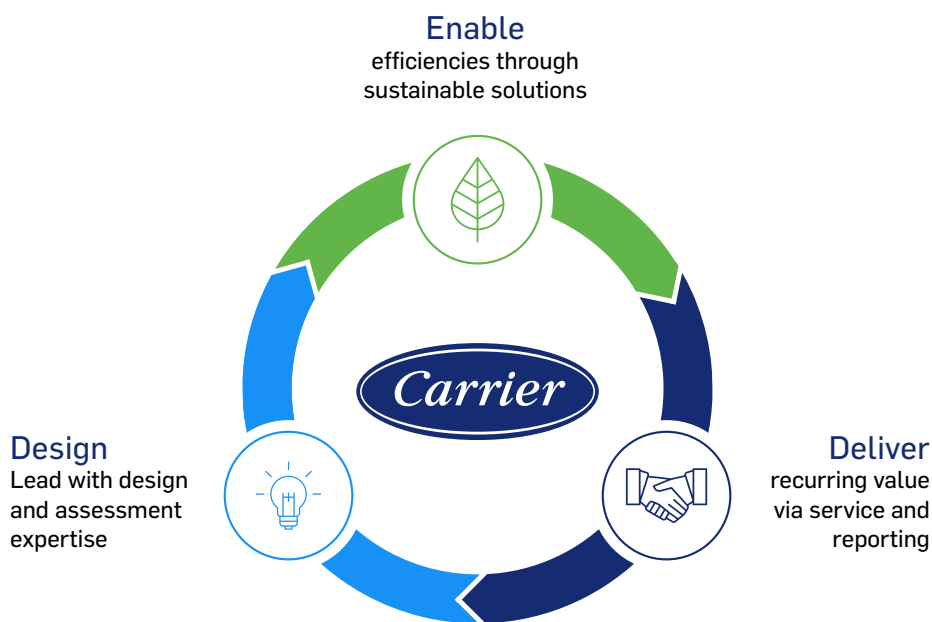
We remain committed to thought leadership and advancing dialogue around the global cold chain. Carrier co-sponsored the World Cold Chain Symposium convened by the Global Food Cold Chain Council and the United Nations Environment Programme. We discussed ways we are helping combat world hunger and helping customers avoid GHG emissions.

# Carrier Sustainability & ESG

We approach sustainability across our business in three ways: sustainable solutions, sustainable investments and ESG in practice.

## Sustainable Solutions

Carrier is aiming to reduce our customers' carbon footprint by more than 1 gigaton by 2030 in part through a tailored approach for specifying and commissioning equipment, and providing assessment services based on each customer's sustainability, operational and budgetary goals. We offer building and cold chain customers within the product lifecycle and capital planning process both expertise and solutions to **design, enable** and **deliver** improved sustainability.



### Design: NORESKO

As one of the largest energy services companies in the United States, NORESKO uses design-build and performance-based contracting vehicles to deliver energy and maintenance savings and significant infrastructure upgrades to existing facilities. In 2021, NORESKO helped customers avoid over 1.1 million metric tons of CO<sub>2</sub> emissions through reduced consumption of electricity, natural gas, propane, steam and other energy sources, along with the use of combined heat and power plants to efficiently generate electricity and thermal energy.



### Enable: Abound

Abound is Carrier's cloud-based offering that uses advanced technology to make building environments more intelligent, efficient and responsive. It connects directly to existing building systems and sensors, and is designed to easily work with most systems to unlock and unite siloed data to provide more powerful, actionable insights. The platform can be rapidly installed and scaled. Building operators can benchmark building performance related to air quality, ventilation and humidity against the thresholds identified by certain air features within the WELL Building Standard from the International WELL Building Institute. Building owners can display real-time information and messaging about a building's health through the Abound application programming interface, which can be used to create digital wallboards and support mobile experiences.



### Deliver: BluEdge

The BluEdge service platform is Carrier's best-in-class service and aftermarket offering. The platform uses analytics to decipher data, extract insights and implement solutions before issues arise. Digital solutions are enabling our BluEdge offerings to increase service coverage and traction across our three segments. We have signed nearly 30,000 BluEdge agreements since we launched the program in mid-2020, and longer-term customer relationships are also growing our mix of recurring revenues.

## Sustainable Investments

Carrier Ventures focuses on investments that accelerate the development of sustainable innovations and disruptive technologies, enabling the future of building and cold chain management. A catalyst for disruption, the group engages in deep collaboration and strategic partnerships with high-growth organizations as they develop technologies to innovate and commercialize the next generation of differentiated net-zero solutions.

### Sustainable Innovations

We focus on growth areas of electrification, energy management and residential HVAC technologies.

### Strategic Collaboration

We value commercial or strategic partnerships that leverage our research and development expertise and channel to market or become a part of our product offerings.

### Disruptive Technologies

We prioritize software and analytics, telematics and differentiated technologies.

### Commitment to Excellence

We seek out companies that align to our core values of respect, integrity, inclusion, innovation and excellence.

### Spotlight AddVolt

Carrier entered a strategic agreement with AddVolt to use the company's battery-electric technology to develop sustainable transport refrigeration solutions for customers in Europe. AddVolt's technology is compatible with Carrier's Lynx digital platform.

### Spotlight Butlr

We also invested in Butlr, a venture-backed startup spun out of the MIT Media Lab. The company's people-sensing platform uses body heat and machine learning to detect occupancy, headcount and activity, and generate accurate, real-time and historical spatial insights without collecting personally identifiable information. Butlr body heat sensing technology will enhance Carrier's Abound cloud-based digital platform by providing building owners and operators with real-time insights to make confident decisions to improve energy efficiency while ensuring occupant wellness.

## ESG in Practice

Our 2030 ESG goals underscore our commitment to the things that matter and to continuously challenge ourselves to think bigger and to be better. Expanding on three decades of environmental targets, our goals include measures to improve our planet, our people and our communities. We strive to be a catalyst for positive and sustainable change as we innovate, empower our people and operate with integrity. That is *The Carrier Way*.

### Our Planet

Climate change is among the most significant issues facing humanity. HVAC contributes an estimated 15% of the world's greenhouse gas emissions. More than one-third of all food produced is wasted every year, resulting in an estimated 4.4 gigatons of greenhouse gas emissions. We recognize the potential for smart, sustainable innovation, and are committed to offering impactful solutions and to setting science-based emissions targets aligned with the goals of the Paris Agreement.

### Our People

Our greatest strength is the diversity of our employees and their ideas. We are a company of innovators and problem-solvers who are united by *The Carrier Way* – our purpose, values and culture.

### Our Communities

Decades of leadership in sustainability have guided Carrier to the forefront of healthy buildings, healthy homes and a more connected cold chain. Throughout our global operations, we are reducing our environmental footprint and making investments that have a positive impact on society.



# Results

## 2030 ESG Goals

Reduce our customers' **carbon footprint** by more than 1 gigaton.

Invest over \$2 billion to develop **healthy, safe, sustainable and intelligent building and cold chain solutions** that incorporate sustainable design principles and reduce lifecycle impacts.

Achieve **carbon neutral** operations.

Reduce **energy intensity** by 10% across our operations.

Achieve **water neutrality** in our operations, prioritizing water-scarce locations.

Deliver **zero waste** to landfill from manufacturing locations.

Establish a **responsible supply chain program** and assess key factory suppliers against program criteria.

Exceed benchmark **employee engagement**.

Achieve **gender parity** in senior leadership roles.

Achieve a **diverse workforce** that represents the communities in which we live and work.

Foster the growth of **Employee Resource Groups (ERGs)** to drive social impact.

Maintain world-class **safety metrics**.

Positively impact communities by enabling access to **safe and healthy indoor environments, alleviating hunger and food waste, and volunteering our time and talent**.

Invest in **science, technology, engineering and math (STEM) education** programs that promote diversity and inclusion.

Promote **sustainability** through education, partnerships and climate resiliency programs.

## Progress

Since 2020, the adoption of our high-efficiency and lower GWP refrigerant products and avoided food waste has helped our customers avoid approximately **137M metric tons of GHG emissions**.

We have invested more than **\$450M** in sustainable research and design since 2020.

In 2021, our GHG intensity for Scope 1 and 2 emissions decreased by approximately **8%** relative to 2020.

In 2021, we have reduced our energy intensity by nearly **4%** compared to 2020.

Our absolute water consumption increased relative to 2020; however, our overall water intensity decreased by nearly **6%** in 2021.

Carrier's Indianapolis manufacturing site, home to our residential gas furnace plant, **achieved zero waste to landfill certification** in 2021. We also increased the amount of hazardous waste recycled by nearly 50% compared to 2020.

One year after implementing the Carrier sustainability program, we met our initial goal to have **80% of direct factory spend assessed against sustainability criteria**.

In our last Pulse survey for 2021, our results showed that our Engagement Score was **74**, which is at benchmark.

Our global women executives increased from 20% in 2015 to **32% in 2021**.

From 2015 to 2021, our global executive diversity\* increased from 27% to **48%**, and our U.S. People of Color professionals increased from 18% to **24%**.

Approximately **3,500 employees** across our global footprint currently participate in an ERG.

Both our total recordable and lost-time **incident rates decreased** in 2021 relative to 2020.

Carrier supported **more than 200** civic, cultural, economic and social welfare organizations around the world in 2021.

We are developing **future HVAC technicians** through a new collaboration with the Building Talent Foundation. In addition, we piloted a program to help students advance in mathematics and science while introducing them to **STEM career paths**.

Carrier **supported research**, which found that buildings can play a significant role in improving cognitive function, health and productivity. In addition, through a partnership with The Nature Conservancy, we helped **reforest over 500 hectares** in China and Mexico.

\* Global women or U.S. People of Color.

## 2021 Highlights

Throughout our global operations, we are minimizing our environmental footprint and making investments that improve society. We hold ourselves accountable to achieve quantifiable impacts in all our ESG initiatives and recognize that much remains to be done, but we are proud of the progress we have made to date.

### Environmental



**~137M**

metric tons of GREENHOUSE GAS EMISSIONS AVOIDED from products sold and avoided food waste since 2020



**0.5B**

kilowatt-hours SAVED FOR CUSTOMERS by EcoEnergy Insights



**1st**

Carrier manufacturing facility CERTIFIED ZERO WASTE TO LANDFILL in Indiana



**1st**

COMMUNITY SOLAR PROJECT supported by Carrier, in Syracuse, New York

### Social



**32%**

WOMEN EXECUTIVES globally



**27%**

U.S. PEOPLE OF COLOR EXECUTIVES



**200+**

civic, cultural, economic and social welfare ORGANIZATIONS SUPPORTED



**\$6M+**

INVESTED IN OUR COMMUNITIES through cash, in-kind donations and the Carrier Employee Matching Gifts Program

### Governance



**88%**

INDEPENDENT DIRECTORS, with a robust Lead Independent Director role



**97%**

ATTENDANCE at board meetings

**100%**

ATTENDANCE at board committee meetings



Executive incentive compensation TIED TO PROGRESS against ESG goals



No supermajority shareowner VOTING REQUIREMENTS

# Planet

Carrier is helping address global challenges by innovating to enable our customers to achieve their sustainability goals and by continuously incorporating sustainable practices within our operations.

## 2030 ESG GOALS



Reduce our customers' **carbon footprint** by **more than 1 gigaton**.



Invest over **\$2 billion** to develop **healthy, safe, sustainable and intelligent building and cold chain solutions** that incorporate **sustainable design principles and reduce lifecycle impacts**.



Achieve **carbon neutral** operations.



Reduce **energy intensity** by 10% across our operations.



Achieve **water neutrality** in our operations, prioritizing water-scarce locations.



Deliver **zero waste** to landfill from manufacturing locations.



Establish a **responsible supply chain program** and assess key factory suppliers against program criteria.



# Advancing Toward 1 Gigaton



Reduce our customers' **carbon footprint** by **more than 1 gigaton**.

## [All 2030 ESG Goals](#) ▶

The urgency of climate change requires us to be bold, to innovate and to disrupt. The future demands it.

Reducing the carbon footprint of our products in use is the most significant impact we can make to help address climate change. That is why we set an ambitious goal to help our customers avoid more than 1 gigaton of greenhouse gas (GHG) emissions from their carbon footprint by 2030 by leveraging our energy-efficient products, using lower global warming potential (GWP) refrigerants and sustainably expanding the cold chain in emerging economies to avoid food loss. One gigaton is 1 billion metric tons – equal to the carbon sequestered by more than 1.2 billion acres of U.S. forests.

### Spotlight

#### Carrier's Decarbonization Summit

We hosted our first Decarbonization and CarbonTech Summit in 2021, which generated innovative thinking and ideas for reducing the carbon footprint in Carrier processes and products.

The three-day virtual event brought together over 350 Carrier employees in 21 countries from all business segments and functions, and featured presentations by Carrier staff and external speakers.

## How We Are Progressing Toward Our Gigaton Goal

- **Investing over \$2 billion** to develop healthy, safe, sustainable and intelligent building and cold chain technologies and solutions that incorporate sustainable design principles and reduce lifecycle impacts.
- **Delivering a portfolio of efficient, innovative products** that minimize customer energy use and emissions.
- **Facilitating the transition to renewable energy** through electrification.
- **Using lower GWP refrigerants**, in addition to our natural refrigerant technologies, to reduce the GHG footprint of our products while in use.
- **Expanding our aftermarket and digital solutions** that use artificial intelligence (AI)- and Internet of Things (IoT)-enabled data insights and performance monitoring to help customers reduce their energy use.
- **Extending sustainable cold chains.** The adoption of cold chain technologies can reduce embedded emissions from food waste, which account for approximately 4.4 gigatons of GHG emissions globally each year.

Since 2020, the adoption of our high-efficiency and lower GWP refrigerant products and avoided food waste has **helped our customers avoid approximately 137 million metric tons of GHG emissions**, which is equal to the annual energy use of more than 16 million U.S. homes. Learn more about our methodology and progress at [corporate.carrier.com/gigaton-goal](https://corporate.carrier.com/gigaton-goal).



## Innovation, Research & Development



Invest over **\$2 billion** to develop **healthy, safe, sustainable and intelligent building and cold chain solutions** that incorporate **sustainable design principles and reduce lifecycle impacts**.

[All 2030 ESG Goals](#) ▶

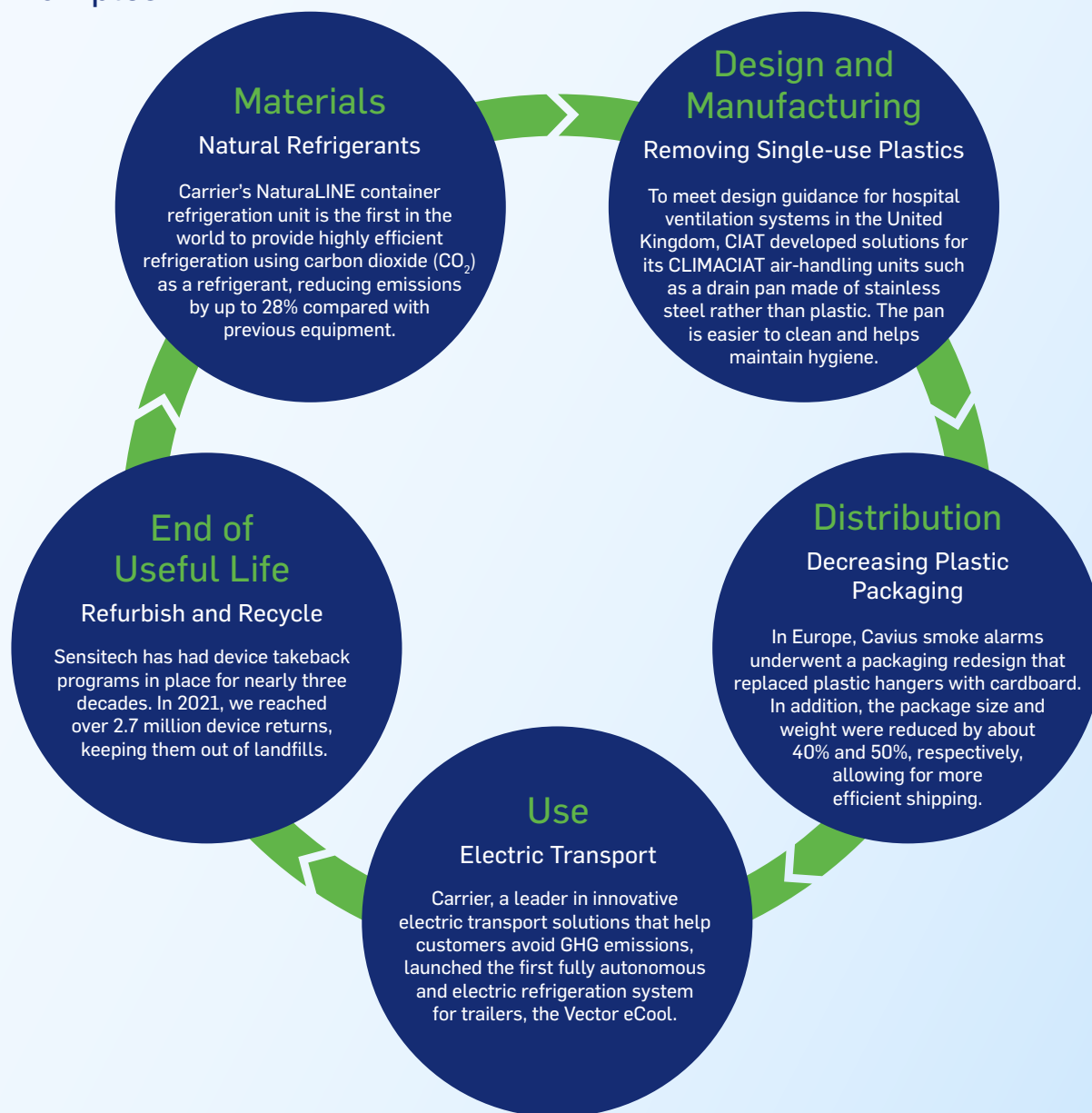
Carrier is accelerating the development of healthy, safe, sustainable and intelligent building and cold chain solutions. We develop frontier technologies, design with the product lifecycle in mind and continuously enhance our products to anticipate changes in environmental regulations.

We also continue to invest in new capabilities and education to foster innovation across our company. We are advancing knowledge in controls, systems engineering and electrification, and reimagining our tools that help release software products faster, enhance customer satisfaction and optimize engineering costs.

We offer a comprehensive suite of products, including sustainability as a service, that enables customers to achieve their energy and decarbonization goals. We are focused on driving emissions reductions, increasing energy efficiency and promoting sustainability across our product and service lifecycles.

## Sustainability Across the Product Lifecycle

### Examples



## Materials

We use model-based systems design and develop technologies that help us optimize our product designs, maintaining performance while achieving the smallest possible material footprint. Material intensity metrics track relative improvement on a project-by-project basis.

## Refrigerants

Where permitted and commercially and technically feasible, Carrier is committed to delivering natural or very low GWP refrigerant solutions (GWP <150). 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 CO<sub>2</sub>OLtec, NaturaLINE and PUREtec product families.

## Solutions for Energy Efficiency and Emissions Reductions

Carrier continues to develop solutions and technologies that reduce energy consumption and GHG emissions of our products in use. We engage with regulatory authorities, trade associations and other stakeholders to pursue and implement industrywide policies and sustainability initiatives that promote greater energy efficiency and lower GHG emissions.

In 2021, Carrier invested more than \$250 million – about half of our research and development investment – on low-carbon technologies, including heating and cooling equipment and smart systems such as building controls and building refrigerant technology.

Our service businesses also provide customers with opportunities to reduce their own emissions. EcoEnergy Insights, part of the Carrier portfolio and a leading provider of AI- and IoT-enabled solutions to digitally transform building and equipment operations, supports customers by using predictive insights and proactive actions to help drive optimal equipment performance. EcoEnergy Insights remotely manages over 42,000 sites and 300,000 pieces of connected equipment, enabling retailers to reduce their environmental impact and lower energy costs. In 2021, EcoEnergy Insights saved its customers half a billion kilowatt-hours of energy and won the Best Predictive Analytics Platform award for the CORTIX platform and Overall IoT Company of the Year from Tech Breakthrough's 2021 AI and IoT awards programs.

We have consistently invested in energy-efficient technologies and solutions to help customers lower energy demand and associated GHG emissions, and [measure the results](#) from these investments.

## Takeback and Recycling Programs

Carrier has developed programs to support responsible takeback and recycling. 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.

# Product Safety & Quality

## Ensuring Product Safety

Our product safety program focuses on proactive risk prevention during the product development process, and rapid and effective mitigation of product safety risks identified in the field. Our [Product Integrity Policy](#) establishes governance and coordination within and among our business segments. The Carrier Product and Services Safety Council meets regularly to review incidents requiring specific customer or regulatory communications. The Carrier Product Safety Board, composed of our Chairman & Chief Executive Officer and key direct reports, is responsible for overall implementation of the Carrier product safety program. The Governance Committee of our Board of Directors oversees program progress.

Each business segment is expected to implement our corporate Product Integrity Policy by:

- Appointing a Product Safety Officer with responsibility for the oversight of product safety issue management and the establishment of proactive measures.
- Establishing a Product Safety Council that reviews product safety issues and oversees implementation of the Product Integrity Policy.
- Exercising responsibility for incident identification, reporting, investigation and timely resolution as well as fostering an effective safety culture.

Product safety training includes information on when and how to report potential or actual product safety events, and is currently required for employees who have been identified as critical participants in the incident escalation process. Additional training on product safety is provided to employees based on their roles.

## Advancing Product Quality

Our Quality Management System governs product quality policies and programs, setting standards, metrics and processes to help ensure the integrity of our products along their lifecycle while fostering a zero-defect culture. Our quality organization regularly reviews data, lessons learned and best practices, deploying process and policy enhancements to reduce the cost of poor quality across Carrier sites.

- **Product Development** – Every new product goes through Carrier's new product development process, a gated process ensuring cross-functional teams are involved in product development from concept to commercialization. Products are not released until specified safety, verification and reliability testing is completed. Products are then approved by an internal review board consisting of executive leadership from engineering; operations; quality; product safety; and environment, health and safety.
- **Manufacturing and Production** – Our factories go through an in-depth quality assessment to ensure both compliance with our standards and product quality and integrity. We track product quality results and set annual goals across the entire value stream.
- **Customer Use and Aftermarket** – We monitor products after they have been delivered to customers by reviewing warranty data and customer feedback. Quality managers regularly review claims data so that we can quickly react to field issues and customer feedback.

## A Culture of Continuous Improvement

Carrier's Internal Audit team assesses product safety culture and awareness in selected business segment sites each quarter and uses external safety professionals to assess product safety systems and related processes.

The Carrier Product Safety Board, chaired by our Chairman & Chief Executive Officer, meets twice annually to review business segment performance, company-level performance and program health indicators. Our Vice President of Quality certifies each business segment's quality management system annually. We also perform rigorous internal audits to drive quality within our factories.



**95%** of Carrier manufacturing sites are ISO 9001:2015 certified.

## Environment, Health & Safety

Carrier's Environment, Health & Safety (EH&S) Operating System and ongoing EH&S initiatives help protect our people, stakeholders and the environment, and ensure compliance with applicable laws and regulations.

Our operating system enables the implementation of our [EH&S Policy](#) commitments and 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 ISO 45001 management system standards, and include:

- Management responsibility and board-level oversight for employees' health and safety and environmental issues.
- Organizational structure integrating EH&S management throughout the enterprise.
- Compliance with environment, health and safety regulatory requirements.
- A formalized EH&S risk management system.
- Data and document management, including performance measurement, corrective action monitoring and metrics reporting.
- Best practice sharing of EH&S topics and issues.
- Employee training.
- Driving industry-leading processes and practices that support health and safety, and reduce our environmental footprint.

EH&S program governance begins at the local site level and flows up to our Chairman & Chief Executive Officer and Board of Directors, who oversee program performance against established targets and provide strategic direction as outlined in our EH&S Policy.

# Energy & Greenhouse Gas Emissions



Achieve **carbon neutral** operations.



Reduce **energy intensity** by 10% across our operations.

## [All 2030 ESG Goals](#) ▶

Our goal to achieve carbon neutral operations by 2030 builds on our legacy of implementing targeted reduction programs across our global facilities. We are also committed to setting science-based targets aligned with the goals of the Paris Agreement.

Our energy management program focuses on implementing sustainable energy-reduction initiatives for specific facility conditions. Facilities are required to review, select and implement best management practices to achieve energy and GHG emission reductions, including:

- Conducting regular energy audits to identify additional projects to improve energy efficiency.
- Making building retrofit improvements to reduce heating and cooling needs.
- Executing responsible refrigerant management in production and testing processes.
- Using electric load management to reduce energy needs during peak times.

\* Emission reduction refers to the approximate units of CO<sub>2</sub> emissions avoided as a result of reduction in energy (electrical) usage. The calculation uses U.S. national weighted average CO<sub>2</sub> marginal emission rates to convert reductions of kilowatt-hours into avoided units of CO<sub>2</sub> emissions, i.e.,  $7.09 \times 10^{-4}$  metric tons CO<sub>2</sub>/kWh x adjusted energy savings.

- Installing energy-efficient lighting fixtures and monitors.
- Identifying and fixing compressed air system leaks.
- Implementing “shut-it-off” programs to reduce equipment energy use when not in operation.

Facilities are also assessing and implementing initiatives to expand the use of on-site renewable energy.

## Spotlight EcoEnergy Insights

EcoEnergy Insights enables businesses to reduce energy costs and GHG emissions through improved equipment operations and maintenance. The solution includes using CORTIX, an AI and IoT platform, along with advisory experts from the BluEdge Command Center, domain experts and data scientists.

Carrier deployed this solution at our manufacturing facility in Mexico, with experts converting insights from the platform into action plans and ensuring their timely implementation. Within one year, the solution improved energy efficiency and optimized equipment operations across the 390,000-square-foot facility:

**9%+**

energy savings for  
HVAC equipment

**5%+**

energy savings for  
the entire plant

GHG emissions  
reduced by

**300** MTCO<sub>2</sub>e\*

The solution also improved visibility of equipment operations, leading to a reduction in unplanned downtime and related maintenance interventions, making facility operations more efficient.

## Carrier's Carbon Neutrality Road Map

### Scope 1: Direct emissions

On-site fuel use and refrigerants



#### Reduce our energy demand

- Invest in CapEx/OpEx
- Optimize energy consumption and emissions

### Scope 2: Indirect emissions

Purchased electricity



#### Decarbonize our energy supply

- Secure power purchase agreements and virtual power purchase agreements
- Install on-site renewable energy

### Unabated Scope 1 emissions

On-site fuel use and refrigerants



#### Sequester remaining emissions

- Purchase third-party carbon credits
- Invest in the future of sustainable technologies

**Carbon Neutrality Strategy: Reduce absolute emissions by leveraging high-efficiency equipment, electrification and renewable energy. Sequester the remaining emissions with carbon offsets.**

As expected, in 2021, our absolute Scope 1 and 2 GHG emissions increased by approximately 9% relative to 2020 due to business growth. At the same time, our Scope 1 and 2 GHG intensity decreased by approximately 8%, demonstrating our operational efficiency gains. With a continuous improvement mindset, we are working to reduce our absolute GHG emissions through capital and operational investments as well as renewable energy. Additionally, we are investing in carbon offset projects to further minimize our carbon impact and demonstrate climate leadership. In 2021, we purchased 120,000 metric tons of CO<sub>2</sub> offsets from a voluntary nitrous oxide (N<sub>2</sub>O) abatement project in North America. We also supported our first community solar project, in Syracuse, New York.

	2021	2020	2019
<b>Absolute Emissions</b>			
<b>Scope 1 Emissions – Metric Tons CO<sub>2</sub>e</b>	229,973	186,812	181,789
<b>Scope 2 Emissions – Metric Tons CO<sub>2</sub>e</b>	187,630	196,033	214,703
<b>Total Scope 1 and 2 Emissions – Metric Tons CO<sub>2</sub>e</b>	417,603	382,845	396,492
<b>Carbon Offsets</b>			
<b>Metric Tons CO<sub>2</sub>e</b>	120,000	0	0
<b>Net Emissions</b>			
<b>Metric Tons CO<sub>2</sub>e</b>	297,603	382,845	396,492
<b>GHG Intensity – Metric Tons of GHG Per Million USD in Net Sales</b>			
<b>Without Offsets</b>	20	22	21
<b>With Offsets</b>	14	n/a	n/a

## Water



Achieve **water neutrality** in our operations, prioritizing water-scarce locations.

[All 2030 ESG Goals](#) ▶

We have set a goal to achieve water neutrality in our operations by 2030, prioritizing water-scarce locations. Reducing water consumption decreases the potential for business disruption, helps to conserve scarce resources and promotes sustainability.

We established site-specific goals aligned with each facility's size and water scarcity category and implemented best management practices, including leak management, flow meters, low-flow fixtures, process water recycling and landscaping plans that minimize water use.

## Waste & Recycling



Deliver **zero waste** to landfill from manufacturing locations.

[All 2030 ESG Goals](#) ▶

We have set a goal to deliver zero waste to landfill from manufacturing locations by 2030. Our waste management program is designed to reduce our waste generation and the impact on the environment.

Our manufacturing facilities are required to implement best management practices to understand and reduce sources of waste, including:

- Establish a site waste management team.
- Conduct a waste process assessment.
- Document waste determinations.
- Install waste containers.
- Recycle metal waste and nonmetal commodities.
- Implement a formal coolant management program.
- Evaluate wastewater sources and constituents.
- Investigate and characterize all acid/alkalis waste streams.
- Identify characteristics, sources and amounts of unique and/or small volume wastes.

Hazardous waste is less than 10% of our total waste generation but poses significant potential risk to the environment. The risk extends to the required regulatory compliance and the cost of managing waste reduction. Since 2019, we have more than doubled the amount of hazardous waste recycled.

More than 90% of the waste we generate each year is nonhazardous, and includes commodities such as metal, wood, paper and glass. As of year-end 2021, we recycled more than 62,000 metric tons of industrial waste.

### Spotlight

#### Indianapolis Site Achieves Zero Waste to Landfill Certification

In 2021, our Indianapolis, Indiana, manufacturing site, home to our residential gas furnace plant, became Carrier's first facility to achieve zero waste to landfill certification. In place of landfilling waste, the Indianapolis facility is using solutions such as converting waste to energy.

# Responsible Supply Chains



Establish a **responsible supply chain program** and assess key factory suppliers against program criteria.

[All 2030 ESG Goals](#) ►

Our suppliers are a critical part of the global Carrier team. From their innovation to their commitment to quality, suppliers work with us every day to meet and exceed the needs of our customers. In addition to upholding our expectations for quality, ethics and safety as communicated in our [Supplier Code of Conduct](#), we are working with our suppliers to develop a world-class supplier sustainability program.

## Engaging Our Supply Chain

To achieve our 2030 supply chain goal, we have established a supplier sustainability program strategy consisting of four pillars:

- 1 | Develop a clear understanding of sustainability performance across our supply chain.
- 2 | Strengthen supplier engagement and sustainability performance.
- 3 | Embed sustainability insights and criteria across our procurement procedures, processes and tools.
- 4 | Lead with a world-class program for supply chain sustainability.

Carrier partnered with [EcoVadis](#), a third-party risk assessment platform and engagement tool, to assess top factory suppliers across key ESG topic areas, including labor practices, human rights, ethics, energy, climate and water.

We identified more than 1,000 of our highest-spend direct factory suppliers representing strategic areas within our global supply chain and invited them to participate in the EcoVadis risk assessment. We implemented several initiatives to support these assessment efforts, including:

- Hosting a series of webinars with EcoVadis in local languages for suppliers and buyers around the world, sharing information about sustainable sourcing and providing training on how to use EcoVadis tools and resources.
- Conducting risk mapping exercises to identify key suppliers and regions to prioritize in terms of sustainability engagement.
- Integrating sustainability into supplier documentation, including the [Supplier Code of Conduct](#), the [Supplier Quality Manual](#) and [Standard Terms and Conditions](#).
- Updating requirements for being a [Carrier Preferred Supplier](#) to include a minimum score of 45 on the EcoVadis assessment.

**One year after implementing the Carrier supplier sustainability program, we have met our initial goal of assessing 80% of our direct factory spend against sustainability criteria.**



## Supplier Excellence

We count on our suppliers to meet the same high standards for quality, delivery, cost and customer satisfaction that we place on ourselves. Carrier's Supplier Excellence program rates our suppliers on key metrics and works to develop long-term business relationships with our Carrier Preferred-level suppliers.

Suppliers can reach [Carrier Preferred](#) status by committing to operational excellence and to meeting cost and sustainability targets:

- Zero significant escapes for the last six months.
- ≥98% on-time delivery for the last 12 months.
- Adhere to problem-solving guidance to address issues in a disciplined and timely manner.
- Driving toward zero defects.
- An EcoVadis sustainability score ≥45.

## Supplier Diversity

Key to our success is our relationships with high-quality, diverse suppliers. Our Supplier Diversity Program supports building and maintaining 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.

As part of our responsible supply chain goal and program, we assess key factory suppliers against diverse spending criteria. In 2021, we purchased approximately \$308 million of products and services from first- and second-tier small and diverse-owned businesses in the United States.

### Diverse spend



## Conflict Minerals

Carrier has established a conflict minerals compliance program designed to conform, in all material respects, to the internationally recognized due diligence framework established by the Organization for Economic Cooperation and Development. We support industrywide 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 partner member.

Our [Conflict Minerals Policy](#) describes our preference to source tantalum, tin, tungsten and gold (known as 3TG) originating in the Democratic Republic of the Congo region from a smelter or refiner validated as conflict-free by an independent third party. Because Carrier does not source 3TG directly from smelters or refiners, engagement with our suppliers is a fundamental element of our efforts to comply with the legislation. Our Form SD Conflict Minerals Disclosure and Report can be found in our [corporate filings](#).

# People

At Carrier, our diverse employees are our greatest strength and source of innovation as we work as one team toward a common purpose – united by *The Carrier Way*.

## 2030 ESG GOALS



Exceed benchmark **employee engagement**.



Achieve **gender parity** in senior leadership roles.



Achieve a **diverse workforce** that represents the communities in which we live and work.



Foster the growth of **Employee Resource Groups (ERGs)** to drive social impact.



Maintain world-class **safety metrics**.

[All 2030 ESG Goals](#) ▶



## The Carrier Way

*The Carrier Way* is the foundation of everything we do. It defines our vision, reaffirms our values, describes the behaviors that create a winning culture, and establishes how we work and win together. We introduced a series of new education courses to reinforce behaviors in *The Carrier Way* that are critical to our success, such as having a passion for customers and building the best teams.

# The Carrier Way

## 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.

### Passion for Customers

We win when our customers win.

### Play to Win

We strive to be #1 in everything we do.

### Choose Speed

We focus and move with a bias for action.

### Achieve Results

We perform, with integrity.

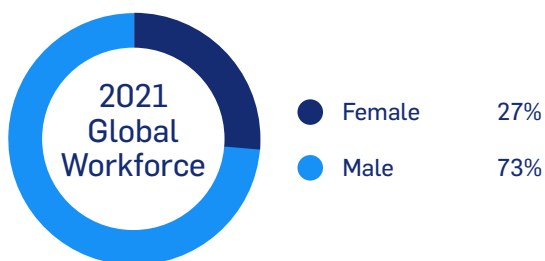
### Dare to Disrupt

We innovate and pursue sustainable solutions.

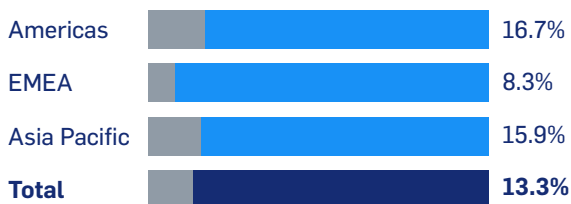
### Build Best Teams

We develop diverse teams, and empower to move faster.

## Our Workforce



### 2021 Global Voluntary Turnover\* by Region



### 2021 Global Voluntary Turnover\* by Gender



\* Includes global voluntary turnover, including retirement and death-in-service, for permanent employees; does not include temporary employees.

## Culture & Engagement



Exceed benchmark **employee engagement**.

[All 2030 ESG Goals](#) ▶

As an employer of choice, Carrier is committed to attracting, developing and retaining world-class talent, and fostering an inclusive and diverse culture that drives teamwork and sparks innovation for our customers.

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.

### Employee Engagement: Pulse Survey

We conduct a global engagement survey, called *Pulse*, three times a year in local languages, which produces an Engagement Score. *Pulse* surveys are an opportunity for employees to provide honest, confidential feedback.

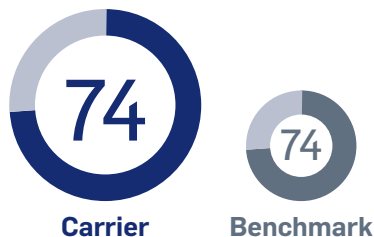
Surveys are short to encourage participation and allow for quick analysis of results, translating them into insights and actions. People managers have access to the results for their teams, and we equip them with tools and resources to take meaningful action. We also share the results of each survey with employees.

In 2021, we launched our first stand-alone Inclusion, Diversity & Belonging *Pulse* survey and introduced an Inclusion Score to measure our progress in creating an environment for employees of all backgrounds to thrive at Carrier. Our Inclusion Score ranked above external benchmarks, an encouraging sign in our journey toward ensuring that our employees feel like they *\_belong*, the hallmark of our inclusion and diversity (I&D) philosophy.

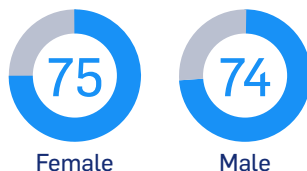
## Engagement Score

In our *Pulse* surveys for 2021, the average of our results showed that:

- Our Engagement Score, in response to the question, “How happy are you working at the company,” was 74, which is at benchmark.
- 64% of our employees participated in the *Pulse* survey.



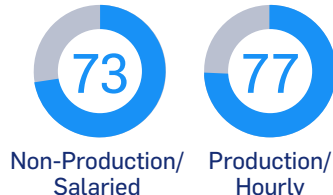
### Gender



### U.S. People of Color



### Employee Category



## Spotlight

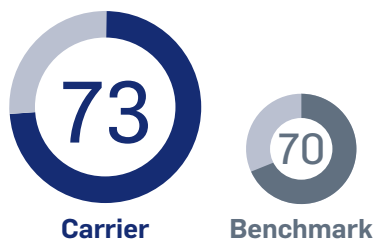
### Culture and Engagement Learning Series

We launched our Culture and Engagement Learning Series in 2021 to further equip people leaders with the tools and resources they need to drive culture and engagement on their teams. These series, which feature guest speakers, help leaders understand *Pulse* survey results and how to best interpret them, and offer a deeper understanding of how to address feedback with their teams to make meaningful improvements in the employee experience.

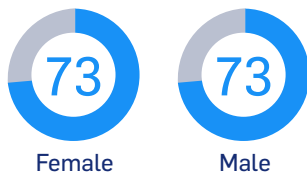
## Inclusion Score

In our Inclusion, Diversity & Belonging *Pulse* survey, and based on the question, “I feel a sense of belonging at the company,” our results showed that:

- Our Inclusion Score was 73, which continues to be above the benchmark of 70 and consistent with our 2020 results.



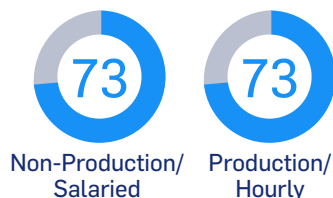
### Gender



### U.S. People of Color



### Employee Category



## Spotlight

### You Said. We Did.

Through our new “You Said. We Did.” internal communications campaign, we highlight improvements made across the company in response to employee feedback.

Feedback received in a *Pulse* survey indicated an opportunity to provide Digital Technology employees with more recognition for their hard work following the separation from our prior parent company. The team helped stand up all new Carrier technologies – a massive undertaking conducted in record time.

In response to this feedback, the Digital Technology team launched the Digital Culture Awards, a nomination-based program that connected with attributes of *The Carrier Way* and included categories like Awesome Attitude, Lightning-Speed Leader, True Teammate and Mountain Mover. As a result, subsequent *Pulse* survey feedback indicated teammates felt heard and recognized, and has led other functions to create their own versions of the awards program.

# Inclusion & Diversity



Achieve **gender parity** in senior leadership roles.



Achieve a **diverse workforce** that represents the communities in which we live and work.



Foster the growth of **Employee Resource Groups** to drive social impact.

[All 2030 ESG Goals](#) ►

## Our Inclusion & Diversity Philosophy

Our greatest strength is the diversity of our people and their ideas. We are committed to a workplace that is truly and genuinely inclusive, one that inspires and encourages everyone, everywhere, to bring their authentic selves to work, every single day. Carrier remains steadfast in our goal to create a workplace that is truly and genuinely inclusive, and where all employees feel like they *\_belong\_*.



We strive to create opportunities for open dialogue between employees and executives. As part of our ongoing commitment to the CEO Action for Diversity & Inclusion pledge, we held a Day of Understanding where Carrier executives and employees engaged in conversations about driving I&D into our company's DNA and creating a culture of allyship.

**Our I&D philosophy consists of four key tenets: Reduce the Gap, Develop & Sponsor, Drive Inclusion and Lean Forward.**



**Reduce the Gap**

**Recruit more diverse talent to Carrier**



**Develop & Sponsor**

**Develop, mentor and sponsor diverse employees**



**Drive Inclusion**

**Drive an inclusive culture through education, training, listening sessions and more**



**Lean Forward**

**Celebrate our differences**



## Reduce the Gap

We continue to focus on reducing the gap by progressing diverse talent within the organization and recruiting more diverse talent to Carrier, starting with expanding our engagement and partnership with historically Black colleges and universities (HBCUs), the National Society of Black Engineers, the Society of Hispanic Professional Engineers and the Society of Women Engineers.

Building an intentional connection between our talent practices and I&D was a key focus for Carrier in 2021. As part of this, we launched behavior-based interviewing to over 2,000 people managers around the world. This approach, which draws on candidate capabilities and perspectives, allows us to be a more inclusive and diverse organization drawing upon different backgrounds.

We are proud to say our efforts to build a diverse workforce are yielding results, while acknowledging that it is a journey and we have more work to do.

**Carrier's executive incentive compensation is connected to progress against ESG goals, including diversity goals.**

### Our 2021 Progress on Reducing the Gap



**Carrier's Board of Directors:**  
**33%** diverse\*

**Carrier's Executive Leadership Team:\*\***  
**54%** diverse\*

#### Global executive diversity\*



#### Global women executives



#### U.S. People of Color executives



#### U.S. People of Color professionals



[View EEO-1 Report](#) ▶

\* Global women or U.S. People of Color.

\*\* Carrier's Executive Leadership Team is defined here as direct reports to the Chairman & Chief Executive Officer.

## Partnerships

We are proud to partner with two top HBCUs – Spelman College and North Carolina Agricultural and Technical State University – to strengthen our diverse talent pipeline.

Carrier and Spelman College have partnered to create programs to help students develop skills of the future. The multiyear commitments involve creating two flagship programs – The Carrier Ambassadors Program for Spelman honors students and the Carrier Elevate(S) program, a leadership, development and mentoring program designed for high-potential juniors seeking engineering, sales, operations, digital and finance careers. Carrier is also supporting the refresh of Spelman’s Virtual Career Center with new content and videos on careers in the HVAC, Refrigeration and Fire & Security industries, and links to career opportunities with Carrier. We celebrated our one-year anniversary of both programs with a visit to the Spelman College campus, where Carrier’s Chairman & Chief Executive Officer and members of our senior leadership team toured the campus and met with students who are scholarship recipients or participate in Carrier-sponsored programs.

Our partnership with North Carolina Agricultural and Technical State University is helping students gain valuable skills and prepare them for future careers through development and mentorship. The five-year sponsorship includes annual programming for career and recruitment initiatives, funding for several student academic organizations, participation in senior design and capstone projects, and scholarship opportunities.

## Affiliations

Carrier is a platinum-level member of the National Society of Black Engineers and a member of its Board of Corporate Affiliates. Carrier is also a member of the Society of Hispanic Professional Engineers and the Society of Women Engineers. We are collaborating in regional and national conferences, partnership events and other programming, leaning forward into our commitments to I&D.

In 2021, we became partners with the Society of Asian Scientists and Engineers, participating in its National Professional Annual Conference and working together with other Fortune 500 companies to help members unlock their leadership potential.



## Develop & Sponsor

Development and sponsorship are critical to our journey. In 2021, our senior leadership team held Leadership Development Reviews, which included reviews of diverse, high-potential talent. Our senior leaders are also expected to actively sponsor and mentor diverse employees who are identified through this process.

## ELEVATE Development Platform

# ELEVATE

A key part of our I&D philosophy is the focused development of our affinity employee groups. Carrier’s ELEVATE development platform focuses on the unique challenges faced by

underrepresented groups in the workplace. We started with ELEVATE: Women in Leadership. Since inception in 2019, the program has engaged more than 160 women from across 18 countries, offering immersive development and learning opportunities through hands-on seminars, mentors and executive sponsors, dedicated coaching and access to high-impact career opportunities. In 2020, we launched ELEVATE: Blacks in Leadership, which has engaged 40 participants since its inception.

**ELEVATE**  
WOMEN IN LEADERSHIP

**ELEVATE**  
BLACKS IN LEADERSHIP



## Employee Resource Groups

Our Employee Resource Groups reflect the diversity of our workforce and help develop our affinity groups. They are a hallmark of our I&D philosophy and program. Our ERGs are global, visible and sponsored.

- Carrier Black Alliance (CBA)
- Carrier Hispanics & Latinos Employee Engagement Resource group (CHEER)
- Military & Veterans
- Pride
- Women Empowerment at Carrier (WE@Carrier)
- United Carrier Asian Network (UCAN)

Through five strategic working areas – education and awareness, professional networking, community outreach, business partnering and strategy execution – we ensure alignment to Carrier’s long-term vision of inclusion.

Our ERGs operate with a formal leadership structure, including a steering committee, senior leadership sponsorship and a defined mission statement aligned with supporting Carrier’s business strategy. Our employees create and lead grassroots efforts to solve problems and boost member development through programs such as mentoring and career advice events.

Approximately 3,500 employees across our global footprint currently participate in an ERG.

ERG initiatives include business initiative advising, Day of Understanding, holiday observances, mentoring programs, recruitment fairs, roundtable discussions, university partnerships and “In My Shoes” campaigns to share personal experiences and foster a deeper appreciation for the experiences of our affinity groups.



ASIAN\_S\_belong

### United Carrier Asian Network

Drives awareness about Asian culture, fosters inclusion and builds an ecosystem for diverse talent and company growth.



BLACKS\_belong

### Carrier Black Alliance

Fosters programs to attract, retain, inspire and support the equity of Black and African American employees.



HISPANICS\_belong

### Carrier Hispanics & Latinos Employee Engagement Resource group

Promotes attraction, connection, development and leadership of Hispanic and Latinx employees.



LGBTQIA+\_belong

### Pride

Creates an inclusive work environment through education, awareness and building a sense of belonging for LGBTQIA+ employees.



MILITARY & VETERANS\_belong

### Military & Veterans

Supports the recruitment, growth, retention, professional transition, well-being and continued service of veterans, military members and their families.



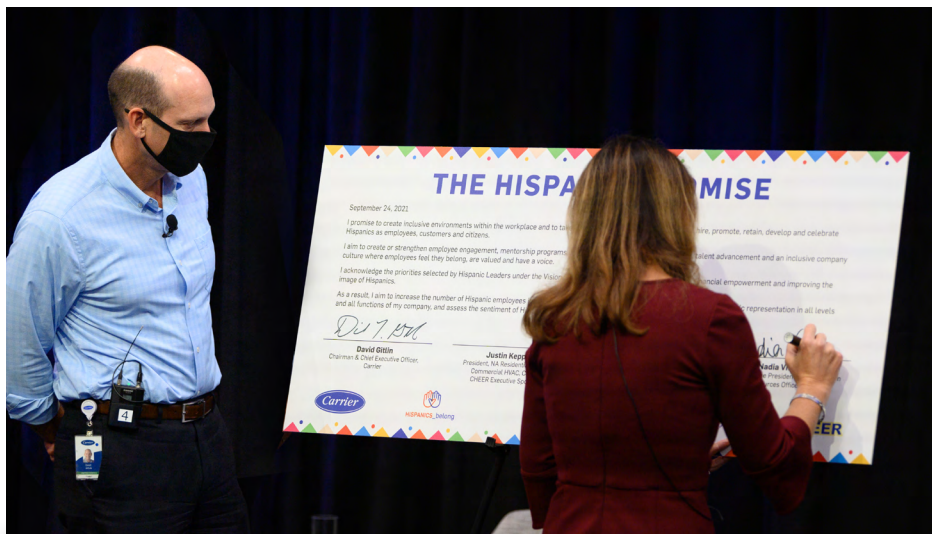
WOMEN\_belong

### Women Empowerment at Carrier

Develops and accelerates growth of women in the organization, addresses unique challenges of women in leadership and fosters active allyship.

ERGs also led grassroots efforts to solve problems and enhance our position in the marketplace:

- **Carrier Black Alliance** donated books written by Black authors to elementary schools and visited schools to read to students.
- **Military & Veterans** hosted discussions about leadership in adversity and about Carrier's Employee Assistance Program.
- **Women Empowerment at Carrier** held events in 22 countries to help accelerate women's leadership and empower women to address unique workplace challenges.
- **United Carrier Asian Network** launched as a new ERG.



### Spotlight CHEER

In partnership with **CHEER**, Carrier signed the Hispanic Promise, joining other Fortune 500 companies in the pledge to hire, retain and support the development of Hispanics in the workplace.



### Spotlight Pride

Our **Pride** ERG organized flag-raising ceremonies at over 20 Carrier locations around the world in support of LGBTQIA+ employees, demonstrating our core value of inclusion.

For the second consecutive year, and thanks to the partnership with our Pride ERG, Carrier was named a Best Place to Work for LGBTQ+ Equality by the Human Rights Campaign in the United States and for the first time in Mexico by Equidad Mexico. In the United States, the perfect score of 100 points in the Corporate Equality Index shows our commitment to embrace and celebrate diversity at Carrier.





## Drive Inclusion

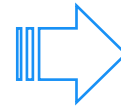
Key to inclusion is to listen and learn, and to focus on education and training of leaders and employees across the organization. Through Employee Resource Groups, fireside chats, listening sessions and unconscious bias training, we are focused on driving a culture of inclusion throughout the company. There is zero tolerance for any form of discrimination, and we provide employees with an [Integrity Line](#) to anonymously report incidents of racism or discrimination.

As a part of our broader I&D philosophy, we provided employees with resources to develop their awareness and understanding through newsletters, new learning content in the Carrier Learning Portal and a manager toolkit with resources tailored for managers. We focused on microaggression as a core theme and offered online learning in 28 languages for our global salaried workforce.

**In 2021, 97% of our salaried employees completed the online learning about inclusion and diversity.**

### Inclusion & Diversity Champions

We established a unique I&D Champions Program featuring a global group of trained professionals who are available if employees have concerns about actions related to our I&D commitments. I&D issues may include claims of harassment or discrimination, microaggressions, or questions and concerns that may impact our ability to be truly inclusive.



## Lean Forward

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

We work hard to foster an inclusive culture that drives respect, integrity, inclusion, innovation and excellence in line with our *\_belong* philosophy. And we stand against discrimination and inequality in any form. The Governance Committee of our Board of Directors reviews and oversees Carrier's I&D efforts.

In 2021, Carrier added Martin Luther King Jr. Day as a recognized holiday for employees in the United States. Additionally, Carrier celebrated Juneteenth in the United States with a series of events discussing the intersection of Black and corporate America, and cultural and culinary exchanges.



**CEO ACTION FOR DIVERSITY & INCLUSION**

**PP PARADIGM FOR PARITY**

Carrier is committed to partnering with leading organizations aiming to advance diversity and equality. We maintain our ongoing commitment to the CEO Action for Diversity & Inclusion pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. Our Chairman & Chief Executive Officer is among more than 2,000 business and nonprofit leaders who signed the pledge. We are also a proud member of Paradigm for Parity, a coalition of business leaders dedicated to addressing the corporate leadership gender gap. Carrier has pledged to achieve gender parity in senior leadership roles by 2030.

## Flexible Work

As Carrier gradually shifted away from pandemic-driven office density reduction measures, we launched our new global flex work philosophy based on *The Carrier Way* – and with it, a new way of working called worX.



Carrier's flex work philosophy is rooted in four key tenets to reflect the balance needed to achieve a flexible, outcomes-oriented culture:

Flexibility Matters	Work and life are dynamic, and flex work should be, too.
Place Matters	Our Carrier locations are the places where we come together to create a community, and we value the in-person moments of being together.
Team Matters	We recognize that work is a team sport, and we win and grow together.
Outcomes Matter	We understand our goals, and we achieve results with accountability.

Aligned with these key tenets, worX is our new work norm that provides for remote work flexibility for a percentage of time in a given year, without set schedules.<sup>\*</sup> Carrier's new informal approach to flexibility is trust-based, not rules-based, and designed to be informal while promoting alignment with our cultural objectives.

Carrier also provides additional work flexibility options through our Alternative Work Arrangement Policy.

<sup>\*</sup> For those employees whose roles and responsibilities allow for remote work. May be subject to location regulation or bargaining/consultation requirement.

## Development & Career Growth

We invest in our people through employee development and continuous learning programs so their careers can progress, and we can grow together.

### Early Career Programs

Carrier offers extensive opportunities for college students and recent undergraduate and graduate students. Opportunities are available through programs such as internships, early career programs and formal two-year rotational development programs.

- Through our **internship program**, students learn about our industry-leading products and gain on-the-job, hands-on experience creating innovative solutions by working with mentors and senior leaders.
- Our **Leadership Rotational Program** for recent graduates allows participants to build skills through eight-month rotations in different disciplines within our Digital Technology, Engineering, Finance and Operations organizations. Through work experience, seminars, mentoring and guidance from Carrier leaders and program alumni, the rotational program develops employee capabilities, enhances learning and develops future leaders.
- Our **Engineering Leadership Program** offers a hands-on engineering experience in a closely mentored cohort. Participants obtain career development opportunities and exposure to leadership while developing a strong professional network, either through a rotational track or an early career position. Participants graduate with opportunities to grow their engineering careers at Carrier.
- Through our **university on-campus recruiting program** and **strategic university partnership engagement**, we focus on attracting the best talent and providing rewarding career opportunities.

In 2021,  
we welcomed:

**70+**  
early career hires for our  
Carrier Leadership Programs

**400+**  
interns around  
the world

## Building Lifelong Skills and Careers

Learning and development are core to Carrier's culture – a culture that provides employees with the knowledge, experience and perspective they need to achieve ever-higher levels of performance in everything they do.

Sharing best practices, building business networks, coaching and tapping into knowledge across the company are embedded in our learning methodologies. Each year our employees complete thousands of hours of training through internal programs, e-learning, virtual classrooms and external seminars. A common global learning portal connects employees with tools to enhance their skills in areas such as leadership, ethics and job- or function-specific programs. Full- and part-time employees can choose from over 42,000 online courses in multiple languages.

### Spotlight

#### The Employee Scholar Program

**\$166M+**  
invested since  
inception in 1996

**8,600**  
degrees earned  
since inception

**50+**  
countries with  
employee participation  
since inception

**690+**  
current  
participants

Carrier is committed to the continued development and engagement of our people. We promote continuous learning through our Employee Scholar Program, which covers the cost of an employee's tuition, academic fees and books at approved universities.

## Leadership Development Programs

Carrier believes in the 70-20-10 model of learning, which leverages research that shows 70% of learning occurs through on-the-job experience and growth assignments, 20% through relationships and 10% through formal training. This approach guides our focus on managerial and development practices aimed at growing our talent.

To advance the careers of our future leaders, we offer the Talent Possible suite of development programs. Talent Possible supports leadership development needs at three critical career stages: early career, mid-career and senior leadership. The *Discover Your Possible* program covers topics critical to building leadership capability early in one's career.

*Connect Your Possible* provides foundational skills for mid-career talent and equips professionals with the mindset, skills and tools they need to achieve organizational and personal objectives. *Lead Your Possible* is designed for senior leaders with potential for growth into broader roles.

From building trust to managing priorities and guiding collaborative discussions, each program focuses on the unique skills leaders need to support themselves and their teams. More than 300 Carrier employees participated in one of our Talent Possible cohorts in 2021, and nearly 600 employees have graduated from the program since its inception in 2019.

We also launched a mentorship program that allows all employees to search for, meet and engage with mentors globally. The goal is to help mentees expand networking and learning opportunities, receive support and encouragement, and increase job satisfaction. The program also allows mentors to gain new ideas and perspectives, develop or hone their leadership and coaching skills, help build meaningful relationships and networking opportunities, and help contribute to Carrier's success.



**TALENTPOSSIBLE**

Discover. Develop. Engage.

## Performance Management and Development Reviews



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 that 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 and where adjustments should be made. It is also where managers provide ongoing feedback on performance and development. Finally, at the end of the year, a second *Connect* meeting is held to take stock of performance against goals and to 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's* expected values and behaviors.

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

### Spotlight New People Manager Program

In 2021, we launched the New People Manager Program, a development program for employees with less than two years of experience leading teams. Available in multiple languages, the program focuses on helping people leaders embody and lead with *The Carrier Way* values, build personal insights about their effectiveness and apply best practices in team leadership. In 2021, nearly 200 employees participated in the program.

### Spotlight Carrier University

Carrier University offers HVAC education courses and training materials for architects, building owners, consulting and specifying engineers, contractors, technicians, developers, facility managers and HVAC instructors. Comprehensive HVAC training includes technical skills, service, controls, design and sustainable building solutions.

The Bynum Training Center in Syracuse, New York, is a 19,500-square-foot facility with five classrooms and a product lab outfitted with operational residential and commercial products. It includes a production studio with web development tools and video webcasting capability. Carrier University uses an online training platform to provide training classes and blended learning programs.

Since 2019, Carrier University has enrolled over 8,450 employees, customers and dealers from over 60 countries. Participants completed more than 8,800 self-paced modules in 2021.

## Succession Planning and Talent Reviews

Carrier also conducts annual Leadership Development Reviews, where senior leaders across the globe review and discuss our talent and succession plans for key leadership positions, allowing us to see where we have a strong talent bench and where we can improve. This process, which culminates in an annual review with our Board of Directors, also allows us to identify key future leaders, discuss strengths and opportunities, highlight emerging diverse talent and focus on development. In 2021, we clarified our expectations for high performers to balance the "what" with the "how," introducing agility, aspiration and ability as key components of how we define and assess the career potential of our employees.

# Benefits

Carrier is committed to offering competitive benefits programs for all 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 healthcare, with a longer-term focus, such as planning for retirement.

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

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 or family issues, substance abuse, child and elder care solutions, and legal or financial issues.

Additionally, to encourage preventive 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. And our group health plan's telemedicine program makes care accessible to plan participants 24/7, wherever they may be.

Carrier is committed to offering market-competitive total rewards – pay and benefits – for all employees, including incentive programs, which serve to reward employees for successful performance against our long-term and short-term financial goals. In 2021, over 40% of our management and professional employees, including executives, were eligible for annual incentive plans, with key metrics and targets aligned to our financial targets.

The following benefits reflect our offerings in the United States for salaried and nonunion hourly employees. Benefits vary by region, business alignment, union agreement and employee status:

## Healthcare plans

- Medical, dental and vision coverage
- Prescription drug coverage
- Health savings account (HSA)
- Flexible spending account (FSA)

## Health and wellness resources

- Health and wellness program with incentives
- Tobacco cessation support
- Resources to compare medical service prices and doctor reviews
- Medical protection for business travelers

## Financial benefits and resources

- Retirement savings plan 401(k)
- Retirement investment guidance
- Employee Scholar Program

## Life and accident insurance

- Life insurance (basic and supplemental)
- Dependent life insurance
- Accidental death and dismemberment coverage
- Business travel accident coverage

## Voluntary benefits

- Accident insurance
- Critical illness insurance
- Auto/home insurance
- Pet insurance
- Legal insurance
- Excess liability insurance

## Work/life/time away benefits

- Paid vacation and paid holidays
- Parental leave
- Medical and family leave of absence
- Bereavement leave
- Short- and long-term disability insurance

# Health & Safety



Maintain world-class **safety metrics**.

[All 2030 ESG Goals](#) ▶

Workplace health and safety is a fundamental indicator of sustainable performance. As part of our 2030 ESG Goals, we are committed to maintaining world-class safety metrics.

Our approach to workplace safety is built on three principles:

- 1 | Safety is a responsibility shared by all employees.
- 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.

In 2021, we launched Lead with Safety: Our Safety Commitments, empowering our employees to stop work if any task cannot be performed safely. In addition, we deployed our Stop Work Authority Standard covering the expectations and the process to stop, assess, resolve and follow up.

- We transitioned to global reporting of leading indicators. Proactive employee engagement in reporting near misses and stop work interventions enabled us to act before an incident occurred.

- We reviewed the stop work interventions against our Safety Commitments and found that an area of opportunity for continued safety improvements is Working at a Height of 6 feet (2 meters) when outside of protected guard rails and lifts. Since 2019, we have seen a 16% reduction in our rate of workplace injuries related to Working at Height, and we will not be satisfied until we have eliminated all injuries.
- In 2021, we continued to implement an indirect contractor management solution in North America. This solution has improved the quantity and quality of data we collect from those who work on Carrier's behalf, ensuring we only work with those who share our values.

## Policies and Programs

Our health and safety policies and programs reflect our 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.
- 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.
- Promoting a culture of hazard awareness and prevention that drives zero incidents.
- Governing our global operations to ensure performance above and beyond compliance with applicable laws, regulations and permits.
- Ensuring that mitigation of EH&S impacts is considered in all business decisions.



## Building a Culture That Protects People

We are committed to building a culture that protects 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 for reporting potential workplace hazards and unsafe conditions.

We have established health and safety councils that 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-time incident rate (LTIR).

	TRIR*	LTIR**
<b>2021</b>	0.35	0.11
<b>2020</b>	0.37	0.13
<b>2019</b>	0.41	0.09

## COVID-19 and Worker Safety

We continue to navigate the evolving circumstances surrounding COVID-19, taking actions aligned with the latest scientific and regulatory information from both domestic and international agencies to protect our employees, serve our customers, and minimize impacts of the virus while continuing to provide essential products and services.

This is demonstrated by our return-to-office policy, vaccine clinics at multiple sites around the globe and controls based on risk assessments in our operating facilities.

\* TRIR: Number of fatalities, lost-time cases, restricted duty cases and medical treatment cases x 200,000/total hours worked.

\*\* LTIR: Number of lost-time cases x 200,000/total hours worked.

# Communities

We embrace our responsibility to positively impact society by empowering our employees and enriching communities.

## 2030 ESG GOALS



Positively impact communities by enabling access to **safe and healthy indoor environments, alleviating hunger and food waste, and volunteering our time and talent.**



Invest in **science, technology, engineering and math (STEM) education** programs that promote **diversity and inclusion.**



Promote **sustainability** through education, partnerships and climate resiliency programs.

[All 2030 ESG Goals](#) ►



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.

Our philanthropic giving aligns with our 2030 ESG goals. In compliance with our [Philanthropic Donations Policy](#), we bring our unique knowledge and expertise to community areas where we can have the greatest impact. Focus areas include:

- Sustainability
- Safety and security
- Inclusion and diversity
- Science, technology, engineering and math
- Healthy buildings and healthy homes
- Hunger and food waste
- Disaster relief
- Vibrant communities

In 2021, Carrier supported **200+** civic, cultural, economic and social welfare organizations around the world.

We invested **\$6M+** in our communities through cash and in-kind donations, including **~\$1.2M** through the Carrier Employee Matching Gifts Program, a dollar-for-dollar charitable donation matching program.

## Positively Impacting Communities



Positively impact communities by enabling access to **safe and healthy indoor environments, alleviating hunger and food waste, and volunteering our time and talent.**

[All 2030 ESG Goals](#) ►

### Habitat for Humanity

Our company has provided local Habitat for Humanity organizations with financial support, product donations from our Healthy Homes suite of indoor air quality solutions and countless employee volunteer hours. In 2021, Carrier made a \$250,000 commitment to Habitat's Home is the Key campaign to help families build safe, affordable homes.

### Supporting Safety in Texas

In the wake of Winter Storm Uri in February 2021, there were hundreds of cases of carbon monoxide (CO) poisoning in Harris County, Texas, as thousands of people remained without power for most of the week. In response, Kidde donated 750 CO alarms and 250 smoke alarms to the Houston Fire Department.

### Addressing Food Insecurity

Carrier has contributed to Feeding America's network of 200 food banks. Most recently, we committed to providing a truck refrigeration unit to six food banks in the network. We also supported the European Food Banks Federation, which is reducing food insecurity by preventing food waste, and supporting and developing food banks in countries where they are needed most.

## Investing in Education



Invest in **science, technology, engineering and math education** programs that promote **diversity and inclusion**.

[All 2030 ESG Goals](#) ►

## Building Talent Foundation

We are empowering and developing future HVAC technicians through a collaboration with the Building Talent Foundation. It was established with the purpose of addressing the severe and persistent labor shortage across skilled trades by improving talent supply, training and retention. The programs promote careers in the trades to youth and underrepresented populations, align training with industry needs and build engagement through career advancement opportunities. In addition to financial support, Carrier participates in the Building Talent Foundation's HVAC Industry-Education Skilled Trades Council.

## Boys & Girls Clubs

Carrier partnered with the Boys & Girls Clubs of Palm Beach County, Florida, to pilot the Carrier STEMulated Minds program. This innovative program helps middle and high school club members advance in mathematics and science, while simultaneously introducing them to STEM career paths. Youth learn about coding, computer science and digital civility, and participate in STEM projects that promote hands-on creation and engineering.

## Scholarships

To help build the next generation of leaders and innovators, Carrier supported scholarships nationwide with a focus on STEM and residential HVAC studies for undergraduate students.

- The Willis Carrier Scholarship at Indiana University-Purdue University Indianapolis offers financial support to students excelling in mechanical, electrical or computer engineering, with special consideration given to underrepresented populations.
- Carrier also supports The Rees Scholarship Foundation, which awards scholarships to eligible students enrolled in heating, ventilating, air-conditioning and refrigeration programs at accredited institutions across the United States.

## 2021 State of Our Schools Report: America's PK-12 Public School Facilities

Carrier is dedicated to supporting research that examines the benefits of healthy indoor environments, including those for learning, as studies have shown that enhanced indoor environments improve the health, well-being and cognitive function of the people inside.

A report released by the 21st Century School Fund, the International WELL Building Institute and the National Council on School Facilities shines a light on the need for air quality and safety upgrades in many schools. With more than one-sixth of the entire U.S. population inside pre-K through 12th grade public school buildings each school day, modernizing and replacing old public schools can have a major impact on the health and performance of both students and staff. These efforts can also enable communities to conserve land, energy and water; reduce carbon emissions; and, in the face of climate change, protect lives and reduce the level of relief funding needed following disasters.

## Promoting Sustainability



Promote **sustainability** through education, partnerships and climate resiliency programs.

[All 2030 ESG Goals](#) ▶

### United for Air

India accounts for 11 of the top 12 cities on the World Health Organization's index of cities with the highest particulate matter (PM) pollution rates of PM<sub>2.5</sub>. The fine particles are the main cause of reduced visibility and pose a health risk. To help create a healthier, more sustainable future, Carrier developed the United for Air initiative with United Way Delhi.

In 2021, four additional air monitors were placed in locations around Gurugram, Haryana, bringing the total to eight, and six more LED boards were installed to display PM readings in real time to educate the community on pollution levels, bringing the total to nine. Real-time readings are also available through a mobile app. The initiative connects local people with opportunities to participate in hands-on activities for cleaner air and provides tips on how to reduce pollution.

### The Eric Prieur Memorial Research Fund

The Global Food Cold Chain Council created the Eric Prieur Memorial Research Fund for Cold Chain Sustainability in remembrance of the former Director of Cold Chain Sustainability at Carrier. Prieur died in the 2019 crash of Ethiopian Airlines Flight 302. For the third consecutive year, Carrier provided a grant to the fund, which assists in reducing food loss and waste and resulting greenhouse gas emissions, while increasing global awareness of a sustainable cold chain through case studies and pilot programs.

### COGfx

New research has found that healthy buildings with enhanced ventilation can improve the cognitive function (COGfx) and health of occupants, suggesting that ventilation and filtration are key healthy building strategies. [COGfx Study 3: Global Buildings](#) was led by researchers from the Harvard T.H. Chan School of Public Health, with support from Carrier, as part of the renowned COGfx Study series.

Previous COGfx studies examined the impact of indoor air quality and demonstrated that better thinking and better health can be found inside healthier buildings. The COGfx Study 3: Global Buildings examined the impact of indoor air quality on the cognitive function of office workers across six countries – China, India, Mexico, Thailand, the United Kingdom and the United States. The research found that cognitive function declines as the levels of fine particulate matter (PM<sub>2.5</sub>) and carbon dioxide (CO<sub>2</sub>) increase. Higher CO<sub>2</sub> can be an indicator of poor ventilation in buildings.

Importantly, mechanical ventilation, such as an HVAC system with efficient filtration, can help to protect building occupants from the negative cognitive effects of PM<sub>2.5</sub> and CO<sub>2</sub>. In addition to acute impacts on cognitive function, reducing exposure to PM<sub>2.5</sub> is associated with many other health benefits, including reductions in cardiovascular disease, asthma attacks and premature death.

While the research focused on office employees in commercial buildings, the takeaways are applicable for all indoor environments. Carrier offers numerous products and services that optimize indoor air quality, including a suite of advanced solutions through [Carrier's Healthy Buildings Program](#) that serves key verticals, including healthcare, hospitality, education, retail and marine.

## The Nature Conservancy

Carrier is proud to support The Nature Conservancy in helping make the cities of tomorrow more resilient, healthy and equitable. As part of our ongoing three-year, \$3 million commitment, Carrier supported projects that are addressing climate change and restoring natural habitats around the globe.

- In China, Carrier and The Nature Conservancy are focused on urban biodiversity conservation through the creation of habitat gardens. These gardens help combat the impacts of urbanization by creating communal green spaces that serve as habitats for plants and wildlife.
- In Mexico, Carrier supports the Resilient Watersheds in Cumbres de Monterrey National Park, and in China, the Zhejiang Qiandao Lake Water Fund, to provide residents with quality water.
- To preserve wooded areas and restore our coastlines, Carrier employees took part in volunteer events across the United States. In Central Indiana, volunteers removed invasive plants from the Bitternut Woods Nature Preserve. These harmful plants crowd out native species and greatly reduce biodiversity in the woodlands. In Southeast Florida, Carrier employees participated in a beach cleanup. Volunteers collected trash to help beautify the area and protect wildlife, including sea turtles that use the preserve as a nesting beach.
- In addition, we are collaborating to help students discover the natural world using virtual field trips through Nature Lab, an online curriculum program for teachers and families.



Global

**4** Nature Lab virtual field trips completed

**2.5M+** students reached



Mexico

**145** hectares of forest conserved or reforested

**6,815** tons of soil erosion avoided



China

**365** hectares restored, improving water quality within a critical watershed

**2** Water Guardian conservation demonstration sites established

**8** habitat gardens created across the Changning District

Documented in the Shanghai Gardens:

**25** bird species      **10** butterfly species



United States

**~200** acres of oyster reefs, mangroves and critical shorebird nesting habitat are being restored

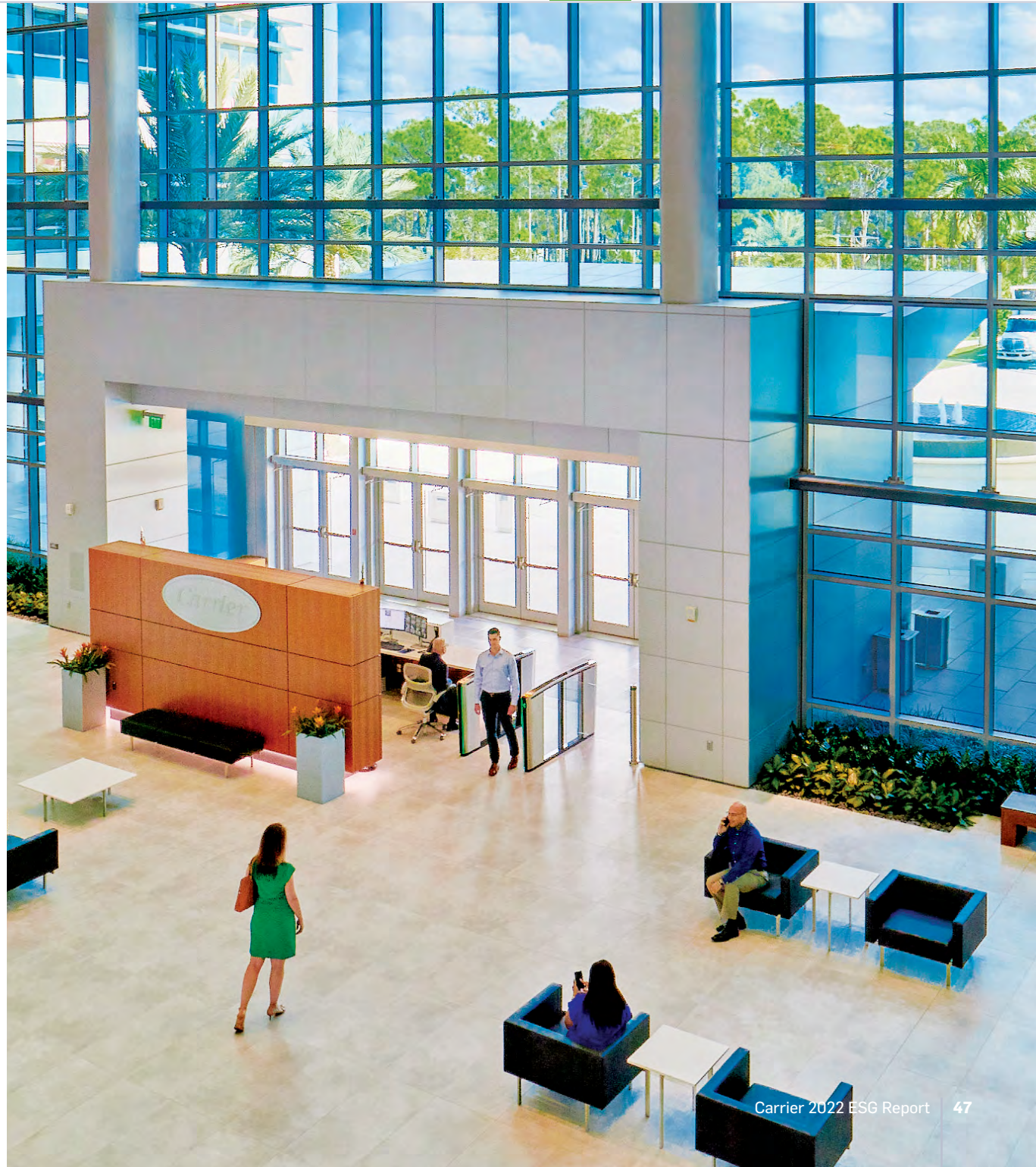
**9%** increase in critical shorebird nesting habitat with construction of the initial demonstration site

**5** Central Indiana nature preserves improved

**6** volunteer "weed wrangles" held to remove invasive plants

# Governance

Our corporate governance provides the framework for building a culture of integrity and ethical behavior, guiding our actions and governing the relationships among our employees, with our customers and in our communities.



## Leadership

Carrier's [Board of Directors](#) oversees the strategic direction of the company to advance the long-term interests of the company and our various stakeholders. At the end of 2021, our nine-member Board of Directors included seven independent directors. Our [Executive Leadership Team](#) executes Carrier's strategic and operating plans and comprises the primary organizational functions and leaders of our reporting segments: HVAC, Refrigeration and Fire & Security.

### At Present\*

**38%**  
Board of Director  
diversity\*\*

**88%**  
Board of Director  
independence

## Sustainability Governance

Our sustainability governance is integrated throughout the organization and embedded into our culture. The Governance Committee of our Board of Directors reviews and oversees Carrier's positions on significant public policy and ESG issues, including our government relations initiatives and the Carrier Political Action Committee; environment, health and safety; product integrity; and inclusion and diversity.

The ESG Steering Committee is a team of cross-functional leaders responsible for driving ESG performance and regularly reports progress to the Executive Leadership Team and the Board of Directors. The committee includes representation from communications; corporate social responsibility; engineering; environment, health and safety; finance; government relations; human resources; investor relations; legal; product quality; product safety; and supply chain.

## Corporate Governance Practices

Our Board is committed to strong corporate governance practices, which the directors believe are critical to achieving long-term shareowner value and to strengthening Board and management accountability. The following are highlights of our governance framework:

### OVERSIGHT

- Regular reviews of strategic direction and priorities
- Regular reviews of significant risks; active oversight of Enterprise Risk Management program
- Annual review of Board policies and governance practices and of committee charters
- Annual Board, committee and director evaluations

### INDEPENDENCE

- 88% of director nominees are independent
- All Board committee members are independent directors
- Robust Lead Independent Director role with explicit responsibilities
- Regular meetings of independent directors without management

### ELECTIONS

- Annual election of all directors
- Majority voting for directors in uncontested elections

### SHARE OWNERSHIP

- Rigorous share ownership requirements for directors and senior management
- Directors required to hold company-granted equity until retirement
- Hedging, short sales and pledging of Carrier securities prohibited

### SHAREOWNER RIGHTS

- Eligible shareowners can make proposals and nominate directors through proxy access
- Shareowners may act by written consent
- 15% of shareowners may call special meetings
- No supermajority shareowner voting requirements

### ENGAGED BOARD

- 97% attendance at Board meetings in 2021
- 100% attendance at committee meetings in 2021

\* As of 8/31/2022.

\*\* Global women or U.S. People of Color.



# Stakeholder Engagement

As reflected in our [Corporate Governance Principles](#), our Board of Directors affirmed that the long-term interests of Carrier and our shareowners are advanced by responsibly addressing the concerns of other stakeholders, including Carrier's employees, customers, suppliers and communities.

## How We Engage

### Employees

We encourage feedback from our employees through regular *Pulse* surveys, town hall meetings, Employee Resource Groups, development conversations, online portals, and confidential channels where employees can raise sensitive issues, seek guidance and report misconduct.

### Customers

We seek customer input through continuous dialogue, product and service training programs, dealer and distributor councils, and a variety of customer surveys. We use that information to improve our products, services and operations.

### Investors

We believe in transparent and open communications with investors. We regularly engage with our shareowners on our financial performance, governance, strategy, and ESG performance and practices.

### Suppliers

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](#).

### Government

Our government relations initiatives educate and inform officials on a range of public policy issues important to our businesses. We annually disclose federal and state lobbying expenditures.

### Communities

We support more than 200 civic, cultural, economic and social welfare organizations around the world, investing in communities through cash and in-kind donations, including the Carrier Employee Matching Gifts Program.

## Customer Experience & Satisfaction

At Carrier, we have a passion for customers – we win when our customers win. Listening to our customers and acting quickly to meet their needs is part of *The Carrier Way*.

We launched a simplified and standardized approach to managing customer feedback using the Net Promoter Score (NPS). The NPS asks customers how likely they are to recommend our businesses and their reasons why.

Responses lead to powerful and actionable insights, helping us identify customer needs while reinforcing behaviors that help turn customers into advocates of our products and services. Feedback is made visible to employees, who receive training and tools to help understand the voice of the customer. Surveys conducted so far have allowed us to identify and engage with thousands of customers, greatly improving the customer experience.

As part of this process, we have created a Carrier-wide Customer Experience Center of Excellence (CoE). The CoE partners with Carrier businesses to rapidly roll out the NPS methodology across the company, improve customer data quality and response rates, take action on the analytics and insights collected from the surveys, and maximize customer retention and business growth.

### Results from 2021 customer experience surveys:



Customer engagement was stronger in 2021, driven by increased penetration of the standardized NPS survey.



~41K customers engaged in dialogue with Carrier.

## Ethics & Compliance

At Carrier, we demand high performance and high integrity from all our employees and everyone with whom we do business. It is never acceptable to compromise our values or integrity to achieve our business objectives. We are a company committed to always doing the right thing.

We strive to maintain sound governance standards as reflected in our [Corporate Governance Principles](#), [Code of Ethics](#), [Corporate Policy Manual](#), our strong internal controls and commitment to transparent financial reporting, and our systematic approach to enterprise risk management.

### Code of Ethics

We aim to be world-class in everything we do – including our compliance with all laws and regulations and our Code of Ethics, which applies everywhere we do business. Our Code of Ethics integrates our core values that serve as the foundation of our culture: respect, integrity, inclusion, innovation and excellence. Every employee is responsible for ensuring that Carrier's business is conducted in compliance with the law, Carrier's Corporate Policy Manual and Carrier's Code of Ethics.

### Training

Every Carrier employee receives annual tailored ethics and compliance training reflecting the results of regular compliance risk assessments. Most employees have access to our online training program, where they complete foundational ethics and compliance certifications and training courses. Employees receive periodic anti-corruption refresher training if they hold a position that presents a higher level of corruption risk.

## Corporate Policies

Our policies reflect and reinforce our principles and values. Our Corporate Policy Manual is publicly available, covering topics including:

- [Anti-Corruption](#)
- [Antitrust Compliance](#)
- [Climate Change](#)
- [Conflicts of Interest and Consultation/Approval Request](#)
- [Data Privacy](#)
- [Enterprise Risk Management](#)
- [Environment, Health & Safety](#)
- [Global Ethics & Compliance](#)
- [Government Relations and Procedures & Requirements](#)
- [Human Rights](#)
- [Intellectual Property & Data Protection](#)
- [International Trade Compliance](#)
- [Philanthropic Donations](#)
- [Product Integrity](#)
- [Records Retention](#)
- [Supplier Code of Conduct](#)

## Speaking Up and Reporting

Our employees are encouraged to ask questions or raise concerns directly with their supervisor, a human resources manager, an Ethics & Compliance Officer or with the legal department. When employees, contractors and partners observe or suspect something that contradicts Carrier's Code of Ethics or Supplier Code of Conduct, we encourage them to speak up as well. We also provide employees and our business partners access to [Carrier's Integrity Line](#), which allows for the anonymous reporting of ethical concerns.

Carrier is committed to a safe reporting environment that is free of discrimination, fear, bullying or other negative consequences. Those who speak up to protect our company are protected. Carrier has zero tolerance for retaliation in any form. Anyone engaging in retaliatory behavior against those who make a report in good faith is subject to disciplinary action, including termination.

## Respecting Data Privacy

Technological innovation and new uses of data play an integral role in helping to solve the societal and ecological challenges we are facing. Carrier serves as a catalyst for innovation and emerging technologies, including cloud-native platforms and other connected products. Data and analytics are deeply embedded into our processes and decisions.

Innovation must be accompanied by strong and enforceable safeguards to respect the data privacy of all individuals. At Carrier, respecting privacy means establishing rules and procedures that foster accountability and value our customers and stakeholders alike.

Our comprehensive data privacy compliance program provides appropriate controls on what personal information we collect and process and how we safeguard it.

Our approach involves:

- Complying with and going beyond applicable data privacy laws.
- Completing privacy impact assessments for new and modified tools, service providers, and products and services that involve collecting or processing personal information.
- Performing annual self-assessments of our privacy compliance program.
- Using appropriate security safeguards.
- Adopting and maintaining detailed policies and Binding Corporate Rules, which are rules for data privacy compliance approved by European regulators.
- Providing regular training within the organization to raise awareness and foster compliance with applicable data privacy rules and requirements.

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

## Strengthening Cybersecurity

Securing our data, products and assets is core to our values and to maintaining trust with our employees, customers and other stakeholders. Our Cybersecurity team leads a forward-looking program to protect Carrier from ever-changing cyber threats. Our cyber defense strategy seeks to prevent, detect and respond to cyber risks using advanced security technologies and best practices that align with NIST 800-53, ISO 27001 and other practices.

Our security team remains vigilant and continually improves cyber capabilities throughout our organization. We conduct regular assessments to validate defensive measures and use a comprehensive risk management framework to enable effective escalation and response. We expanded security awareness training, automated phishing simulations and implemented an Enterprise Defender program, which empowers employees to detect and report suspicious cyber activity. Our investments in third-party risk management, vulnerability management, threat intelligence and 24/7 security operations represent preventive efforts to address cyber risks and threats.

To ensure the security of Carrier solutions, our domain experts design for security and continuous improvement. We apply appropriate methods and controls throughout the development and product support lifecycle. Rigorous testing and analysis follow international standards of cybersecurity assurance and Carrier's requirements for customer mission success.

The Audit Committee of Carrier's Board of Directors reviews Carrier's privacy and cybersecurity compliance programs at least annually, and board reviews are held as needed.

# 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 (SEC).

### *Proposed Climate-Related Disclosure Rules*

On March 21, 2022, the SEC proposed climate related-disclosure requirements that would, among other things, require disclosure of direct and indirect greenhouse gas emissions, with certain emissions disclosures subject to third-party attestation requirements; climate-related scenario analysis (if the issuer conducts scenario analysis), together with qualitative and quantitative information about the hypothetical future climate scenarios used in its analysis; climate transition plans or climate-related targets or goals, along with disclosure of progress against any such plans, targets or goals; climate-related risks over the short-, medium- and long-term; qualitative and quantitative information regarding climate-related risks and historical impacts in audited financial statements; corporate governance of climate-related risks; and climate-related risk-management processes. We are assessing the potential impacts of this proposal. The information presented in this report has not been collected or reported pursuant to these SEC-proposed climate related-disclosure requirements.



## Materiality Assessment & ESG Topics

For our materiality assessment, 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. The results of our materiality 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)	
Climate change	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="#">Planet, pp. 15-25</a> <a href="#">Communities, pp. 42-46</a>
Community engagement and investment	Engaging local communities to understand their needs and concerns while minimizing negative impacts from operations, and investing time and resources to support community organizations via philanthropy and volunteerism.		✓	✓	<a href="#">Communities, pp. 42-46</a>
Corporate governance	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. 47-52</a>
Cybersecurity and data privacy	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. 47-52</a>
Environmental responsibility	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="#">Planet, pp. 15-25</a>
Ethics and compliance	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. 47-52</a>

Topic	Definition	Boundary			Location in Report
		Upstream (Suppliers)	Carrier	Downstream (Products)	
Human and labor rights	Ensuring human rights across Carrier's operations and supply chain, including the topics of forced and child labor, proper working conditions, conflict minerals, freedom of association and collective bargaining, and systems to report labor concerns.	✓	✓		<a href="#">Governance, pp. 47-52</a> <a href="#">Responsible Supply Chains, pp. 24-25</a> <a href="#">People, pp. 26-41</a>
Inclusion and diversity	Promoting diversity and ensuring a nondiscriminatory hiring process and work environment.	✓	✓		<a href="#">Inclusion &amp; Diversity, pp. 30-35</a>
Innovation and efficiency	Innovating products and services to incorporate sustainable attributes, such as energy efficiency, smart systems/digitization, lifecycle design and cold chain solutions.		✓	✓	<a href="#">Planet, pp. 15-25</a>
Occupational health and safety	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="#">Health &amp; Safety, pp. 40-41</a> <a href="#">Responsible Supply Chains, pp. 24-25</a>
Product safety and quality	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="#">Product Safety &amp; Quality, pp. 19-20</a>
Stakeholder engagement	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="#">Governance, pp. 47-52</a> <a href="#">People, pp. 26-41</a>
Talent attraction and retention	Attracting, developing and retaining high-quality and engaged talent to maintain a skilled workforce, and adapting to new technology and automation that manufacturing and R&D will require.		✓		<a href="#">People, pp. 26-41</a>
Tax transparency	Developing a responsible tax strategy, contributing to government revenues through taxes and providing transparency on taxes paid.		✓		<a href="#">Form 10-K Information Statement</a>

# GRI Content Index

## United Nations Sustainable Development Goals


Established in 2015, the United Nations Sustainable Development Goals (SDGs) address global challenges, including poverty, inequality, climate change, environmental degradation, peace and justice. Below, we indicate where Carrier's ESG progress aligns with these goals.





## Universal Standard Disclosures

GRI Standard	Disclosure Language	Carrier 2021 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-K Information Statement, pp. 4-6</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-K Information Statement, p. 28</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-K Information Statement, pp. 4-6</a>	
102-7	Scale of organization	<a href="#">Carrier Fact Sheet</a>	



GRI Standard	Disclosure Language	Carrier 2021 Response										Related SDGs	
102-8	Information on employees and other workers	<a href="#">People, pp. 26-41</a> <a href="#">Inclusion &amp; Diversity, pp. 30-35</a> Carrier has approximately 58,000 employees around the world.										 SDG 8	
			<b>Permanent Employees by Gender</b>	<b>Global Workforce by Gender</b>			<b>Global Workforce by Region</b>			<b>Global Women Executives</b>	<b>U.S. People of Color Executives</b>		<b>U.S. People of Color Professionals</b>
		2021	27% Female 73% Male	<b>Americas</b> 33% Female 67% Male	<b>EMEA</b> 21% Female 79% Male	<b>APAC</b> 28% Female 72% Male	<b>Americas</b> 34%	<b>EMEA</b> 37%	<b>APAC</b> 29%	32%	27%		24%
		2020	27% Female 73% Male	<b>Americas</b> 32% Female 68% Male	<b>EMEA</b> 21% Female 79% Male	<b>APAC</b> 28% Female 72% Male	34%	40%	26%	31%	25%		23%
2019	26% Female 74% Male	<b>Americas</b> 31% Female 69% Male	<b>EMEA</b> 22% Female 78% Male	<b>APAC</b> 27% Female 73% Male	32%	43%	25%	31%	20%	22%			
102-9	Supply chain	<a href="#">Suppliers</a> <a href="#">Responsible Supply Chains, pp 24-25</a>											
102-10	Significant changes to the organization and its supply chain	<a href="#">Form 10-K Information Statement, pp. 32-33</a>											
102-11	Precautionary principle or approach	<a href="#">Carrier 2022 Proxy Statement, pp. 23-24</a>											
102-12	External initiatives	<ul style="list-style-type: none"> <li>• CEO Action for Diversity and Inclusion</li> <li>• Commitment to adopt science-based targets</li> <li>• Paradigm for Parity</li> </ul>											






GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
102-13	Memberships of association	<p>Carrier maintains strategic memberships and associations while continuing to evaluate 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, Heating, and Refrigeration Institute</li> <li>The Alliance for Responsible Atmospheric Policy</li> <li>Alliance to Save Energy</li> <li>American Council for an Energy-Efficient Economy</li> <li>American Society for Health Care Engineering</li> <li>America Is All In</li> <li>Association of School Business Officials</li> <li>BuildingAction</li> <li>Business Roundtable</li> <li>Cool Coalition</li> <li>Confederation of Indian Industry</li> <li>Council on Tall Buildings and Urban Habitat</li> <li>European Heat Pump Association</li> <li>European Partnership for Energy and the Environment</li> <li>Global Cold Chain Alliance</li> <li>International WELL Building Institute</li> <li>Mechanical Contractors Association of America</li> <li>National Association of Energy Service Companies</li> <li>National Association of Manufacturers</li> <li>Product Environmental Profiles Association</li> <li>[Re]Build America's School Infrastructure Coalition</li> <li>Responsible Minerals Initiative</li> <li>Security Industry Association</li> <li>U.S. Green Building Council</li> <li>World Green Building Council</li> </ul>	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	<a href="#">A Message from Our Chairman &amp; Chief Executive Officer, pp. 4-5</a>	
102-15	Key impacts, risks and opportunities	<a href="#">Form 10-K Information Statement, pp. 6-31</a>	
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards and norms of behavior	<a href="#">Our Values</a> <a href="#">Carrier's Ethics and Compliance</a> <a href="#">Culture &amp; Engagement, pp. 28-29</a>	 SDG 16
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Carrier's Integrity Line</a> <a href="#">Speaking Up and Reporting, p. 51</a>	 SDG 16
<b>Governance</b>			
102-18	Governance structure	<a href="#">Carrier 2022 Proxy Statement, pp. 20-23</a>	
102-20	Executive-level responsibility for economic, environmental and social topics	<a href="#">Carrier 2022 Proxy Statement, pp. 23-24</a>	





GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
102-21	Consulting stakeholders on economic, environmental and social topics	<a href="#">Stakeholder Engagement, p. 49</a>	 SDG 16
102-22	Composition of highest governance body and its committees	<a href="#">Carrier 2022 Proxy Statement, pp. 20-23</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 Principles, pp. 3-4</a>	  SDG 5 SDG 16
102-25	Conflicts of interest	<a href="#">Carrier Corporate Governance Principles, pp. 4-5</a>	 SDG 16
102-26	Role of the highest governance body in setting purpose, values and strategy	<a href="#">Carrier 2022 Proxy Statement, pp. 20-23</a>	
102-27	Collective knowledge of the highest governance body	<a href="#">Carrier 2022 Proxy Statement, pp. 15-18</a>	
102-28	Evaluating the highest governance body's performance	<a href="#">Carrier 2022 Proxy Statement, pp. 12-14</a>	
102-35	Remuneration policies	<a href="#">Carrier 2022 Proxy Statement, pp. 31-51</a>	
102-36	Process for determining remuneration	<a href="#">Carrier 2022 Proxy Statement, pp. 31-51</a>	
102-37	Stakeholders involvement in remuneration	<a href="#">Carrier 2022 Proxy Statement, pp. 31-51</a>	 SDG 16





GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	<a href="#">Stakeholder Engagement, p. 49</a>	
102-41	Collective bargaining agreements	<a href="#">Form 10-K Information Statement, p. 8</a>	 SDG 8
102-42	Identifying and selecting stakeholders	<a href="#">Stakeholder Engagement, p. 49</a>	
102-43	Approach to stakeholder engagement	<a href="#">Stakeholder Engagement, p. 49</a>	
102-44	Key topics and concerns raised	<a href="#">Materiality Assessment &amp; ESG Topics, pp. 54-55</a>	
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	<a href="#">Form 10-K Information Statement, pp. 4-6</a>	
102-46	Defining report content and topic boundaries	<a href="#">Materiality Assessment &amp; ESG Topics, pp. 54-55</a>	
102-47	List of material topics	<a href="#">Materiality Assessment &amp; ESG Topics, pp. 54-55</a>	
102-48	Restatements of information	<a href="#">About this Report, p. 3</a>	
102-49	Changes in reporting	<a href="#">About this Report, p. 3</a>	
102-50	Reporting period	January 1, 2021 - December 31, 2021, except where otherwise noted.	

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
102-51	Date of most recent report	Carrier's 2021 ESG Report was published August 11, 2021, and covered performance from January 1, 2020 - December 31, 2020, except where otherwise noted.	
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 Environmental, Social & Governance Report, <a href="#">starting on p. 56</a> .	
102-56	External assurance	At this time, Carrier does not have our Environmental, Social & Governance Report externally assured.	










## Topic-Specific Standard Disclosures

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Economic Performance</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Form 10-K Information Statement</a>	
103-2	The management approach and its components	<a href="#">Form 10-K Information Statement</a>	
103-3	Evaluation of the management approach	<a href="#">Form 10-K Information Statement</a>	
201-1	Direct economic value generated and distributed	<a href="#">Form 10-K 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 and Compliance Ethics &amp; Compliance, pp. 50-52</a>	
103-2	The management approach and its components	<a href="#">Carrier's Ethics and Compliance Ethics &amp; Compliance, pp. 50-52</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier's Ethics and Compliance Ethics &amp; Compliance, pp. 50-52</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's Code of Ethics</a>	 SDG 16






GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Carrier's Ethics and Compliance Ethics &amp; Compliance, pp. 50-52</a>	 SDG 16
205-3	Confirmed incidents of corruption and actions taken	Carrier strictly prohibits all forms of corruption. In 2021, 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="#">Sustainability Across the Product Lifecycle, p. 17</a> <a href="#">Materials, p. 18</a>	
103-2	The management approach and its components	<a href="#">Sustainability Across the Product Lifecycle, p. 17</a> <a href="#">Materials, p. 18</a>	
103-3	Evaluation of the management approach	<a href="#">Sustainability Across the Product Lifecycle, p. 17</a> <a href="#">Materials, p. 18</a>	
301-1	Materials used by weight or volume	<a href="#">Sustainability Across the Product Lifecycle, p. 17</a> <a href="#">Materials, p. 18</a>	  SDG 8 SDG 12
<b>Energy</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Energy &amp; Greenhouse Gas Emissions, p. 21-22</a> Energy use is tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. Sites under \$100,000 USD energy procurement are estimated per U.S. Environmental Protection Agency (EPA) emissions factors based on square footage and building type.	
103-2	The management approach and its components	<a href="#">Governance, pp. 47-52</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a> <a href="#">Energy &amp; Greenhouse Gas Emissions, p. 21-22</a>	
103-3	Evaluation of the management approach	<a href="#">Energy &amp; Greenhouse Gas Emissions, p. 21-22</a>	











GRI Standard	Disclosure Language	Carrier 2021 Response				Related SDGs
302-1	Energy consumption within the organization	<b>Energy Use by Source</b>				  SDG 7 SDG 8   SDG 12 SDG 13
			<b>2021</b>	<b>2020</b>	<b>2019</b>	
		Purchased Electricity (MWh)	462,366	434,497	455,093	
		Propane (Gallons)	758,618	521,283	657,396	
		Natural Gas (Cu Ft)	1,177,855,184	1,257,321,899	947,176,081	
		Butane (Gallons)	28,352	125,069	74,628	
		Distillate Oil (Gallons)	36,521	28,077	47,542	
		#4 Oil Usage (Gallons)	1,792	793	1,503	
		Residual Oil Usage (Gallons)	0	0	0	
		Gasoline Usage (Gallons)	13,105	8,391	5,705	
		Diesel Fuel (Gallons)	100,260	110,222	172,647	
		Purchased Steam (MMBTU)	42,164	33,914	40,386	
		Fleet Vehicle Gasoline (Gallons)	11,830,870	8,124,056	10,619,078	
		Self-generated Electricity (MWh)	399	333	1,171	
		Renewable Energy Use (MWh)	1,069	1,031	700	
Total Jet Fuel (Gallons)	750,772	505,463	n/a			
Specialty Fuel (Gallons)	260	n/a	n/a			
302-2	Energy consumption outside of the organization	<a href="#">Sustainability Across the Product Lifecycle, pp. 17-18</a>				
302-3	Energy intensity	<b>Energy Intensity</b>				
			<b>Unit of Measure</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
		Numerator	GJ	4,754,278	4,194,215	4,217,538
		Denominator	Million USD net sales	20,613	17,456	18,608
		Energy Intensity	GJ of energy per million USD in net sales	231	240	227



















GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs	
302-5	Reductions in energy requirements of products and services	<a href="#">Sustainability Across the Product Lifecycle, pp. 17-18</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. 23</a> Water consumption is tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. Our management system outlines minimum discharge limits for stormwater and industrial discharge that are well below industry standards and regulatory requirements.		
103-2	The management approach and its components	<a href="#">Water, p. 23</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a>		
103-3	Evaluation of the management approach	<a href="#">Water, p. 23</a>		
303-1	Interactions with water as a shared resource	<a href="#">Water, p. 23</a>	 SDG 6	
303-2	Management of water discharge-related impacts	Our management system outlines minimum discharge limits for stormwater and industrial discharge that are well below industry standards and regulatory requirements.	 SDG 6	
303-3	Water withdrawal	<b>Total Water Withdrawal (Thousands of cubic meters)</b>		 
		2021	1,076	SDG 6 SDG 8
		2020	967	
		2019	1,135	 SDG 12





GRI Standard	Disclosure Language	Carrier 2021 Response				Related SDGs
303-4	Water discharge	<b>Total Water Discharge (Thousands of cubic meters)</b>				
		2021	859			
		2020	802			
		2019	896			
303-5	Water consumption	<b>Water Consumption</b>				
			<b>2021</b>	<b>2020</b>	<b>2019</b>	
		Water Withdrawal (Thousands of cubic meters)	1,076	967	1,135	
		Water Discharge (Thousands of cubic meters)	859	802	896	
		Water Consumption (Thousands of cubic meters)	217	165	239	
		<b>Water Intensity</b>				
			<b>2021</b>	<b>2020</b>	<b>2019</b>	
		Water Withdrawal (Gallons)	284,160,745	255,566,812	299,707,959	
		Net Sales (Million USD)	20,613	17,456	18,608	
Water Intensity (Gallons of water per million USD in net sales)	13,786	14,641	16,106			
<b>Emissions</b>						
103-1	Explanation of the material topic and its Boundary	<a href="#">Energy &amp; Greenhouse Gas Emissions, pp. 21-22</a> Greenhouse gas (GHG) emissions are tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. Sites under \$100,000 USD energy procurement are estimated per EPA emissions factors based on square footage and building type. Additionally, our GHG metrics are inclusive of our fleet and service centers globally. Those sites do not report energy, but only report fuel consumption from their fleet vehicles.				
103-2	The management approach and its components	<a href="#">Governance, pp. 47-52</a> <a href="#">Sustainable Solutions and Sustainable Investments, pp. 10-11</a> <a href="#">Energy &amp; Greenhouse Gas Emissions, pp. 21-22</a>				

GRI Standard	Disclosure Language	Carrier 2021 Response		Related SDGs
103-3	Evaluation of the management approach	<a href="#">Energy &amp; Greenhouse Gas Emissions, pp. 21-22</a>		
305-1	Direct (Scope 1) GHG emissions	<b>Scope 1 Emissions - Metric Tons</b>		
		2021	229,973	SDG 3 SDG 12
		2020	186,812	
		2019	181,789	SDG 13 SDG 14
305-2	Energy indirect (Scope 2) GHG emissions	<b>Scope 2 Emissions - Metric Tons</b>		
		2021	187,630	SDG 3 SDG 12
		2020	196,033	
		2019	214,703	SDG 13 SDG 14
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Governance, pp. 47-52</a> <a href="#">Sustainable Solutions and Sustainable Investments, pp. 10-11</a> <a href="#">Connected Cold Chain, p. 9</a> <a href="#">Energy &amp; Greenhouse Gas Emissions, pp. 21-22</a>		







GRI Standard	Disclosure Language	Carrier 2021 Response				Related SDGs
305-4	GHG emissions intensity	<b>GHG Intensity</b>				  SDG 3 SDG 12   SDG 13 SDG 14  SDG 15
			<b>2021</b>	<b>2020</b>	<b>2019</b>	
		Absolute GHG Emissions (Metric tons CO <sub>2</sub> e, Scope 1 and 2)*	417,603	382,845	396,492	
		Net Sales (Million USD)	20,613	17,456	18,608	
	Absolute GHG Intensity (Metric tons of GHG per million USD in net sales)	20	22	21		
305-5	Reduction of GHG emissions	<a href="#">2030 ESG Goals Results, p. 13</a> In 2021, we purchased 120,000 metric tons of CO <sub>2</sub> offsets from a voluntary nitrous oxide (N <sub>2</sub> O) abatement project in North America. The project activity consists of the installation and operation of a new absorption column at an adipic acid plant in Cantonment, Florida. The column converts nitric oxide (NOx) to nitric acid via a high-pressure water absorption process. Per the GHG Protocol's definition for eligible projects, the project is considered an enhancement of the existing control technology.				  SDG 3 SDG 12   SDG 13 SDG 14  SDG 15
			<b>2021</b>	<b>2020</b>	<b>2019</b>	
		GHG Intensity (Metric tons of GHG per million USD in net sales) with Carbon Offsets	14	n/a	n/a	
<b>Effluents and Waste</b>						
103-1	Explanation of the material topic and its Boundary	<a href="#">Waste &amp; Recycling, p. 23</a> Waste is tracked for sites procuring over \$100,000 USD in energy per year. This is representative of our manufacturing sites, large headquarters, distribution and R&D center operations, but is not inclusive of our entire footprint. Carrier has had no significant hazardous waste spills during the reporting period.				
103-2	The management approach and its components	<a href="#">Waste &amp; Recycling, p. 23</a>				
103-3	Evaluation of the management approach	<a href="#">Waste &amp; Recycling, p. 23</a>				





\* Not adjusted for carbon offsets.

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs																				
306-1	Water discharge by quality and destination	Our environmental management systems outline minimum limits for stormwater and industrial discharge that are well below industry standards and regulatory requirements.	  SDG 3 SDG 6   SDG 12 SDG 13   SDG 14 SDG 15																				
306-2	Waste by type and disposal method	<p style="text-align: center;"><b>Waste by Type and Disposal Method</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2021</th> <th style="text-align: center;">2020</th> <th style="text-align: center;">2019</th> </tr> </thead> <tbody> <tr> <td>Total Industrial Process Waste (Metric tons)</td> <td style="text-align: center;">69,133</td> <td style="text-align: center;">70,297</td> <td style="text-align: center;">67,495</td> </tr> <tr> <td>Industrial Waste Recycled (Metric tons)</td> <td style="text-align: center;">62,420</td> <td style="text-align: center;">63,241</td> <td style="text-align: center;">60,284</td> </tr> <tr> <td>Hazardous Waste Generated (Metric tons)</td> <td style="text-align: center;">2,170</td> <td style="text-align: center;">1,989</td> <td style="text-align: center;">2,126</td> </tr> <tr> <td>Hazardous Waste Recycled (Metric tons)</td> <td style="text-align: center;">1,203</td> <td style="text-align: center;">808</td> <td style="text-align: center;">544</td> </tr> </tbody> </table>		2021	2020	2019	Total Industrial Process Waste (Metric tons)	69,133	70,297	67,495	Industrial Waste Recycled (Metric tons)	62,420	63,241	60,284	Hazardous Waste Generated (Metric tons)	2,170	1,989	2,126	Hazardous Waste Recycled (Metric tons)	1,203	808	544	  SDG 3 SDG 6   SDG 13 SDG 15
	2021	2020	2019																				
Total Industrial Process Waste (Metric tons)	69,133	70,297	67,495																				
Industrial Waste Recycled (Metric tons)	62,420	63,241	60,284																				
Hazardous Waste Generated (Metric tons)	2,170	1,989	2,126																				
Hazardous Waste Recycled (Metric tons)	1,203	808	544																				
306-3	Significant spills	Carrier has had no significant hazardous waste spills during the reporting period.	  SDG 3 SDG 6   SDG 12 SDG 13   SDG 14 SDG 15																				






GRI Standard	Disclosure Language	Carrier 2021 Response			Related SDGs	
<b>Employment</b>						
103-1	Explanation of the material topic and its Boundary	<a href="#">People, pp. 26-41</a>				
103-2	The management approach and its components	<a href="#">People, pp. 26-41</a>				
103-3	Evaluation of the management approach	<a href="#">People, pp. 26-41</a>				
401-1	New employee hires and employee turnover	<b>Global Voluntary Turnover* by Region</b>			  SDG 5 SDG 8	
			<b>2021</b>	<b>2020</b>		<b>2019</b>
		Americas	16.7%	11.4%		10.3%
		EMEA	8.3%	6.1%		6.1%
		Asia Pacific	15.9%	9.0%		8.3%
		Total	13.3%	8.7%		8.0%
		<b>Global Voluntary Turnover* by Gender</b>				
			<b>2021</b>	<b>2020</b>		<b>2019</b>
Female	15.6%	9.7%	8.5%			
Male	12.5%	8.0%	7.9%			
Total	13.3%	8.7%	8.0%			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Benefits, p. 39</a>				
401-3	Parental leave	In 2021, 178 U.S. employees took the maternity/parental leave benefit. 100% of those are currently active.			  SDG 5 SDG 8	




\* Includes global voluntary turnover, including retirement and death-in-service, for permanent employees; does not include temporary employees.


GRI Standard	Disclosure Language	Carrier 2021 Response			Related SDGs	
<b>Occupational Health and Safety</b>						
103-1	Explanation of the material topic and its Boundary	<a href="#">Health &amp; Safety, pp. 40-41</a>				
103-2	The management approach and its components	<a href="#">Health &amp; Safety, pp. 40-41</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a>				
103-3	Evaluation of the management approach	<a href="#">Health &amp; Safety, pp. 40-41</a>				
403-1	Occupational health and safety management system	<a href="#">Health &amp; Safety, pp. 40-41</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a> <a href="#">Sustainable Operations</a>			 SDG 8	
403-2	Hazard identification, risk assessment and incident investigation	<a href="#">Health &amp; Safety, pp. 40-41</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a>			 SDG 3  SDG 8	
403-3	Occupational health services	<a href="#">Health &amp; Safety, pp. 40-41</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a>			 SDG 3  SDG 8	
403-4	Worker participation, consultation and communication on occupational health and safety	<a href="#">Health &amp; Safety, pp. 40-41</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a>			 SDG 8	
403-5	Worker training on occupational health and safety	<a href="#">Health &amp; Safety, pp. 40-41</a> <a href="#">Carrier's Environment, Health &amp; Safety Policy</a>				
403-8	Workers covered by an occupational health and safety management system	100% of employees and contractors are covered by our occupational health and safety management system.				
403-9	Work-related injuries	<a href="#">Health &amp; Safety, pp. 40-41</a>				
		<b>Fatalities</b>				
			<b>2021</b>	<b>2020</b>	<b>2019</b>	
		Employee	0	0	1	
Contractor	0	1	1			



GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Training and Education</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">People, pp. 26-41</a>	
103-2	The management approach and its components	<a href="#">People, pp. 26-41</a>	
103-3	Evaluation of the management approach	<a href="#">People, pp. 26-41</a>	
404-1	Average hours of training per year per employee	<a href="#">Development &amp; Career Growth, pp. 36-38</a>	  SDG 4 SDG 5  SDG 8
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Development &amp; Career Growth, pp. 36-38</a>	 SDG 8
404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Development &amp; Career Growth, pp. 36-38</a>	  SDG 5 SDG 8




GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Diversity and Equal Opportunity</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Inclusion &amp; Diversity, pp. 30-35</a>	
103-2	The management approach and its components	<a href="#">Inclusion &amp; Diversity, pp. 30-35</a>	
103-3	Evaluation of the management approach	<a href="#">Inclusion &amp; Diversity, pp. 30-35</a>	
405-1	Diversity of governance bodies and employees	<a href="#">People, pp. 26-41</a> <a href="#">Inclusion &amp; Diversity, pp. 30-35</a> <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="#">Inclusion &amp; Diversity, pp. 30-35</a>	
103-2	The management approach and its components	<a href="#">Inclusion &amp; Diversity, pp. 30-35</a>	
103-3	Evaluation of the management approach	<a href="#">Inclusion &amp; Diversity, pp. 30-35</a>	
406-1	Incidents of discrimination and corrective actions taken	<a href="#">Carrier's Human Rights Policy</a>	  SDG 5 SDG 8  SDG 16

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Freedom of Association and Collective Bargaining</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier's Human Rights Policy</a>	
103-2	The management approach and its components	<a href="#">Carrier's Human Rights Policy</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier's Human Rights Policy</a>	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Carrier's Human Rights Policy</a> <a href="#">Carrier's Supplier Code of Conduct</a>	 SDG 8
<b>Child Labor</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier's Human Rights Policy</a>	
103-2	The management approach and its components	<a href="#">Carrier's Human Rights Policy</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier's Human Rights Policy</a>	
408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Carrier's Human Rights Policy</a> <a href="#">Carrier's Supplier Code of Conduct</a> <a href="#">Carrier's Human Trafficking Policy Statement</a> <a href="#">California Transparency In Supply Chains Act</a>	  SDG 8 SDG 16

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Forced or Compulsory Labor</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier's Human Rights Policy</a>	
103-2	The management approach and its components	<a href="#">Carrier's Human Rights Policy</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier's Human Rights Policy</a>	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Carrier's Human Rights Policy</a> <a href="#">Carrier's Supplier Code of Conduct</a> <a href="#">Carrier's Human Trafficking Policy Statement</a> <a href="#">California Transparency In Supply Chains Act</a>	 SDG 8
<b>Human Rights Assessment</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier's Human Rights Policy</a>	
103-2	The management approach and its components	<a href="#">Carrier's Human Rights Policy</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier's Human Rights Policy</a>	
412-2	Employee training on human rights policies or procedures	<a href="#">Training, p. 50</a>	

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Local Communities</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Communities, pp. 42-46</a>	
103-2	The management approach and its components	<a href="#">Communities, pp. 42-46</a>	
103-3	Evaluation of the management approach	<a href="#">Communities, pp. 42-46</a>	
413-1	Operations with local community engagement, impact assessments and development programs	<a href="#">Communities, pp. 42-46</a> <a href="#">Our Communities</a>	
413-2	Operations with significant actual and potential negative impacts on local communities	<a href="#">Communities, pp. 42-46</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="#">Responsible Supply Chains, pp. 24-25</a>	
103-2	The management approach and its components	<a href="#">Responsible Supply Chains, pp. 24-25</a>	
103-3	Evaluation of the management approach	<a href="#">Responsible Supply Chains, pp. 24-25</a>	
414-1	New suppliers that were screened using social criteria	<a href="#">Carrier's Supplier Code of Conduct</a> <a href="#">Carrier's Human Trafficking Policy Statement</a> <a href="#">California Transparency In Supply Chains Act</a>	  SDG 5 SDG 8   SDG 16

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Public Policy</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Carrier 2022 Proxy Statement, p. 24</a> <a href="#">Carrier's Government Relations Policy</a> <a href="#">Carrier's Government Relations Standard Work</a>	
103-2	The management approach and its components	<a href="#">Carrier 2022 Proxy Statement, p. 24</a> <a href="#">Carrier's Government Relations Policy</a> <a href="#">Carrier's Government Relations Standard Work</a>	
103-3	Evaluation of the management approach	<a href="#">Carrier 2022 Proxy Statement, p. 24</a> <a href="#">Carrier's Government Relations Policy</a> <a href="#">Carrier's Government Relations Standard Work</a>	
415-1	Political contributions	<a href="#">Carrier 2022 Proxy Statement, p. 24</a> <a href="#">Carrier's Government Relations Policy</a> <a href="#">Carrier's Government Relations Standard Work</a>	 SDG 16
<b>Customer Health and Safety</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Product Safety &amp; Quality, pp. 19-20</a>	
103-2	The management approach and its components	<a href="#">Product Safety &amp; Quality, pp. 19-20</a>	
103-3	Evaluation of the management approach	<a href="#">Product Safety &amp; Quality, pp. 19-20</a>	
416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Carrier's Product Integrity Policy</a>	

GRI Standard	Disclosure Language	Carrier 2021 Response	Related SDGs
<b>Innovation and Efficiency (Non-GRI Topic) - Self-Selected Metric</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Sustainable Solutions, p. 10</a>	
103-2	The management approach and its components	<a href="#">Sustainable Solutions, p. 10</a>	
103-3	Evaluation of the management approach	<a href="#">Advancing Toward 1 Gigaton, p. 16</a> <a href="#">Innovation, Research &amp; Development, pp. 17-18</a>	
<b>Topic-Specific Indicator</b>	Avoided greenhouse gas emissions as a result of the installation of high-efficiency Carrier air-conditioning, heating and refrigeration systems by customers	<a href="#">Solutions for Energy Efficiency and Emissions Reductions, p. 18</a>	

# SASB Disclosure

Topic	Accounting Metric	Category	Code	Carrier Metric or Qualitative Disclosure	Carrier 2021 Response
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	RT-EE-130a.1	MWh	<a href="#">See response for GRI 302-1</a>
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	RT-EE-150a.1	Metric tons, percentage	<a href="#">See response for GRI 306-2</a>
	Number and aggregate quantity of reportable spills, quantity recovered	Quantitative	RT-EE-150a.2	Number	<a href="#">See response for GRI 306-3</a>
Materials Sourcing	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-K Information Statement, p. 16-17</a>
Product Lifecycle Management	Percentage of eligible products, by revenue, that meet ENERGY STAR criteria	Quantitative	RT-EE-410a.2	Percent by revenue	44% of Carrier's residential air conditioner, heat pump, furnace and small package product revenue is generated from ENERGY STAR qualified products.
Business Ethics	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. 50-52</a> <a href="#">Carrier's Ethics and Compliance</a> <a href="#">Carrier Code of Ethics</a> <a href="#">Antitrust Compliance Program</a> <a href="#">Anti-Corruption Policy</a>
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	RT-EE-510a.2	Number	In 2021, 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 2021, 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	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 related to climate risks and opportunities.	<a href="#">Carrier 2022 Proxy Statement</a>
2) Describe management's role in assessing and managing climate-related risks and opportunities.	The ESG Steering Committee is a formal team of cross-functional leaders responsible for driving ESG performance, including our sustainability and 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.	<a href="#">Sustainability Governance, p. 48</a>
<b>Strategy</b>		
3) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	<p>Climate change, regulations associated with climate change and mitigation efforts could adversely affect our business. The effects of climate change, including increased frequency and intensity of weather conditions and water scarcity, create financial risks to our business. The potential impacts of climate change on our operations are highly uncertain and depend upon the unique geographic and environmental factors present; for example, rising sea levels at certain of our facilities, changing storm patterns and intensities and changing temperature levels. The effects of climate change could disrupt our operations by impacting the availability and cost of materials and by increasing insurance and other operating costs. The effects of climate change also may impact our decisions to construct new facilities or maintain existing facilities in the areas most prone to physical risks, which could similarly increase our operating and material costs. We could also face indirect financial risks passed through the supply chain that could result in higher prices for our products and the resources needed to produce them. Potential adverse impacts from climate change may create health and safety issues for employees operating at our facilities and may lead to an inability to maintain standard operating hours.</p> <p>There is a general consensus that greenhouse gas emissions are linked to climate change, and that these emissions must be reduced dramatically to avert its worst effects. Increased public awareness and concern about climate change will likely continue to: (1) generate more international, regional and/or national requirements to curtail the use of high global warming potential refrigerants (e.g. the Kigali Amendment to the Montreal Protocol and the American Innovation and Manufacturing ("AIM") Act of 2020, which are essential to many of our products); (2) increase building energy and cold chain efficiency; and (3) cause a shift away from the use of fossil fuels as an energy source, including natural gas prohibitions. In some instances, these requirements may render our existing technology, particularly some of our HVAC and refrigeration products, non-compliant or obsolete and we may be required to make increased capital expenditures to meet new regulations and standards, changing interpretations and stricter enforcement of current laws and regulations. Furthermore, our customers and the markets we serve may impose emissions or other environmental standards through regulation, market-based emissions policies or consumer preferences that we may not be able to timely meet due to our required level of capital investment and technology advancement. While we are committed to pursuing sustainable solutions for our products, there can be no assurance that our development efforts will be successful, that our products will be accepted by the market, that proposed regulations or deregulation will not have an adverse effect on our competitive position, or that economic returns will justify our investments in new product development.</p> <p>The inconsistent international, regional and/or national requirements associated with climate change regulations, such as the U.S. re-entrance into the Paris Climate Agreement, also create economic and regulatory uncertainty. There is also regulatory and budgetary uncertainty associated with government incentives, which, if discontinued, could adversely impact the demand for energy-efficient buildings and could increase costs of compliance.</p>	<a href="#">Form 10-K Information Statement</a>



TCFD Disclosure	Our Progress	Reference
<p>4) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.</p>	<p>We have set environmental, social and governance goals to be achieved by 2030, which include investing over \$2 billion to develop healthy, safe, sustainable and intelligent buildings and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts, reducing our customers' carbon footprint by more than 1 gigaton, achieving carbon neutral operations and reducing energy intensity by 10% across our operations. Although we intend to meet these goals, we may be required to expend significant resources to do so, which could increase our operational costs. Further, there can be no assurance of the extent to which any of our goals will be achieved, or that any future expenditures or investments we make in furtherance of achieving such goals will be available, effective, meet investor expectations or any binding or non-binding legal standards regarding sustainability performance. For example, to make substantial progress toward or to meet some of these goals, we may need to purchase or deploy a combination of renewable energy utility contracts, carbon credits or offsets, energy-efficient or low-emission products or operations, or carbon sequestration technologies, and there can be no assurance of the extent to which such contracts, credits, offsets, products, operations or technologies will be available in or effective in reducing emissions or energy intensity. Moreover, we may determine that it is in the best interest of our company and our shareowners to prioritize other business, social, governance or sustainability investments over the achievement of our current goals based on economic, regulatory and social factors, business strategy or pressure from investors, activist groups or other stakeholders. If we are unable to make substantial progress toward or meet these goals, then we could incur adverse publicity and reaction from investors, activist groups or other stakeholders, which could adversely impact the perception of us and our products and services by current and potential customers, as well as investors, which could in turn adversely impact our results of operations.</p> <p>Our reliance on suppliers and commodity markets to secure components and raw materials (such as copper, aluminum and steel), and on service providers to deliver our products, exposes us to volatility in the prices and availability of these materials and services. We use a wide range of materials and components in the global production of our products, which come from numerous suppliers around the world. Because not all of our business arrangements provide for guaranteed supply and some key parts may be available only from a single supplier or a limited group of suppliers, we are subject to supply and pricing risk. In addition, certain proprietary component parts used in some of our products are provided by single-source unaffiliated third-party suppliers.</p> <p>We would be unable to obtain these proprietary components for an indeterminate period of time if these single-source suppliers were to cease or interrupt production or otherwise fail to supply these components to us, which could adversely affect our product sales and operating results. Our supply chain could be impacted by climate change through extreme weather events, resulting in delivery or production disruptions and increased material costs. In addition, other issues with suppliers (such as capacity constraints, quality issues, consolidations, closings or bankruptcies), price increases, raw material shortages, or the decreased availability of trucks and other delivery services could also have a material adverse effect on our ability to meet our commitments to customers or increase our operating costs.</p>	<p><a href="#">Form 10-K Information Statement</a></p>
<p>5) Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>We conducted a climate-related scenario analysis to identify risks and opportunities and assess the company's resiliency. Climate scenarios and time horizons were based on Intergovernmental Panel on Climate Change guidance to illustrate the potential pathways and outcomes at each time horizon. Risks were assessed and prioritized using the enterprise risk management (ERM) rating system and validated by a cross-functional team composed of executives in supply chain; environment, health and safety; legal; finance; government relations; engineering; and sustainability. The group assessed prioritized risks for likelihood and consequence under each scenario and used them to inform the company's climate strategy and disclosures.</p>	

TCFD Disclosure	Our Progress	Reference
<b>Risk Management</b>		
6) Describe the organization's processes for identifying and assessing climate-related risks.	We integrate climate-related risk identification, assessment and management processes within our ERM program and disclosure controls and procedures (DC&P). Climate-related risks are identified, assessed and mitigated annually through our ERM program. Issues that could materially impact the company are identified and evaluated for potential disclosure by our Disclosure Committee pursuant to our DC&P. The Audit Committee of our Board of Directors oversees our ERM program and DC&P, and our Executive Leadership Team and the Board of Directors are responsible for setting and overseeing the strategic direction of the company, including the risks and opportunities created by climate-related matters.	<a href="#">Carrier 2022 Proxy Statement</a>
7) Describe the organization's processes for managing climate-related risks.	We conducted a climate-related scenario analysis to identify risks and opportunities and assess the company's resiliency. Climate scenarios and time horizons were based on Intergovernmental Panel on Climate Change guidance to illustrate the potential pathways and outcomes at each time horizon. Risks were assessed and prioritized using the ERM rating system and validated by a cross-functional team composed of executives in supply chain; environment, health and safety; legal; finance; government relations; engineering; and sustainability. The group assessed prioritized risks for likelihood and consequence under each scenario and used them to inform the company's climate strategy and disclosures.	
8) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	We integrate climate-related risk identification, assessment and management processes within our ERM program and DC&P. Climate-related risks are identified, assessed and mitigated annually through our ERM program.	<a href="#">Carrier 2022 Proxy Statement</a>
<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 as part of our <a href="#">2030 ESG Goals Results, p. 13</a> .	
10) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	See responses to GRI Standards <a href="#">305-1</a> , <a href="#">305-2</a> and <a href="#">305-3</a> .	
11) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Emissions targets and key performance indicators are listed as part of our <a href="#">2030 ESG Goals Results, p. 13</a> .	



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