



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.

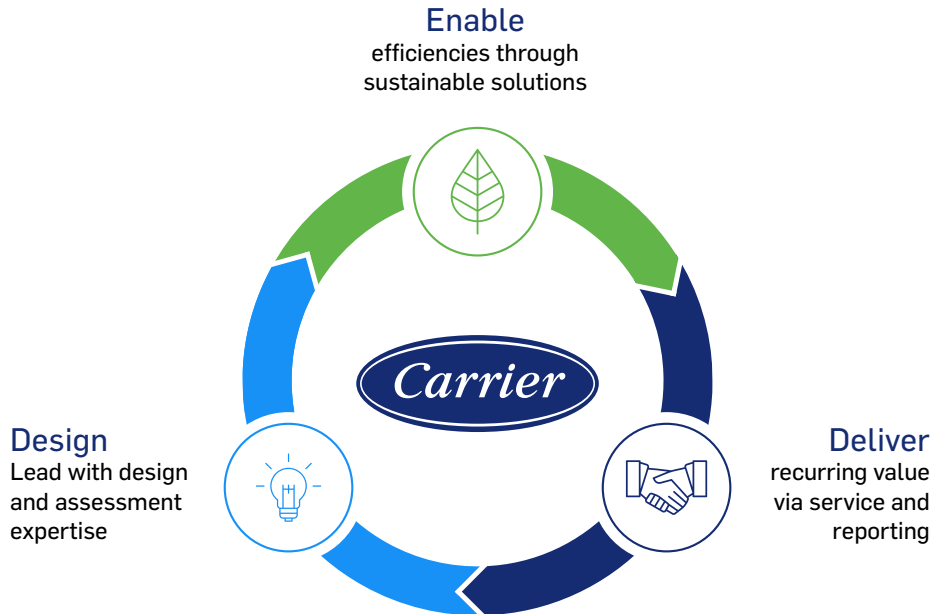


Carrier Sustainability & ESG

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 CO₂ 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