ENVIRONMENTAL, SOCIAL & GOVERNANCE

2023 REPORT

Carrier

Innovating for a sustainable future through intelligent climate and energy solutions.

The actions we take today will shape a sustainable future for generations to come. Carrier is innovating to address the planet's most urgent challenges while meeting the needs of customers and supporting our communities and our people.

As we expand our portfolio of intelligent climate and energy solutions, Carrier is accelerating the shift toward electrification, more connected technologies and environmentally responsible refrigerants. We are helping customers reduce their carbon footprint and meet their sustainability goals by improving energy efficiency in buildings, in homes and across the cold chain.

We are progressing toward our own ambitious ESG goals through sustainable practices and investments while fostering an inclusive and diverse team that is united by a common purpose and values.

Together, we are innovating for a sustainable future.

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About This Report

GRI 2-2, 2-4

Carrier's 2023 Environmental, Social & Governance (ESG) Report covers performance for calendar year 2022. Where relevant, we include information from 2023. The information and data included in this report are based on the best available information and data at publication and are subject to change. In some cases, data is estimated.

In January 2022, Carrier sold our Chubb fire and security business. This report does not include Chubb data for 2022; however, Chubb is included in the data provided for previous years.

In July 2022, Carrier acquired Toshiba Carrier Corp. (TCC), a long-standing joint venture between Carrier and Toshiba. TCC is a global provider of residential and light commercial HVAC solutions, including variable refrigerant flow and heat pump products. Data from TCC has not been fully integrated into Carrier's reporting systems and, therefore, is not included in this report.

This report includes, where appropriate, references to the Global Reporting Initiative (GRI) Standards. We also use other recognized frameworks in this report, including the Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosures (TCFD).

For further details on our ESG strategy, policies and programs, please visit corporate.carrier.com.

**David Gitlin, Chairman
& Chief Executive Officer**

"At Carrier, the purposeful transformation of our portfolio will create a true global climate champion."

Our planet is at a critical juncture. Climate change is causing irreparable damage to the environment, and the need to transition to renewable energy has never been greater. At Carrier, the purposeful transformation of our portfolio will create a true global climate champion that leverages innovative technology to make a meaningful impact on the world for generations to come.

The planned acquisition of Viessmann Climate Solutions and exits of our Fire & Security and Commercial Refrigeration businesses will make us a simpler, more focused leader in intelligent climate and energy solutions.

This combination of two great companies is a game-changing, revolutionary opportunity that will solidify our leadership role in the fast-growing European residential heat pump and energy transition markets. It will also enable us to provide the most comprehensive and differentiated suite of sustainable technologies and services in Europe and, eventually, globally. This complements our prior acquisition of Toshiba's HVAC business, strengthening our position in the global climate solutions market.

These strategic actions align Carrier with the key secular trends shaping our industry: climate change and sustainability, energy transition, the rapid adoption of green energy solutions accelerated by government regulations and incentives, and digitalization. In Europe, the Paris Agreement and the European Green Deal target a 55% reduction in greenhouse gas (GHG) emissions by 2030. Importantly, the REPowerEU plan aims to double heat pumps to 10 million units over the next five years, driving heat pump adoption in European homes from 8.5 million to 40 million by 2030. And, roughly 70% of European Union customers are actively reducing energy consumption at home.

Sustainability is at Carrier's core, and we continue to drive decarbonization. We are targeting net-zero GHG emissions across our value chain by 2050, complementing our existing goal of helping customers reduce their GHG emissions by more than 1 gigaton by 2030. Since 2020, our high-efficiency and lower global warming potential refrigerant products have enabled customers to avoid more than 212 million metric tons of GHG emissions – equal to the annual energy use of nearly 27 million U.S. homes.

We also made improvements across our own operations – reducing Scope 1 and 2 emissions from 2021 levels and our energy intensity by approximately 21% over the same period. We added disruptive companies to the Carrier Ventures investment portfolio. Our partnerships with Archilogic, Butlr and Transaera will accelerate next-generation, sustainable technology.

Additionally, we have enhanced the oversight of our ESG initiatives by elevating the primary responsibility for Carrier's ESG program, goals and objectives, including climate-related matters, to our Board of Directors. This reflects our belief that sustainability is more than just good for business, it is a core part of Carrier's growth strategy.

From a people standpoint, our inclusive and diverse team works to make a positive difference for people and the planet – and together, we inspire confidence in sustainable outcomes. *The Carrier Way* remains at the core 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 continue to advance our inclusion and diversity (I&D) strategy so all employees feel like they _belong. Our I&D focus extends to our business relationships. In 2022, we purchased $312 million of products and services from first- and second-tier small and diverse-owned businesses in the United States – a 55% increase in two years. It also reaches our communities: We partner with two historically Black colleges and universities to strengthen our diverse talent pipeline and help students gain valuable skills for future careers.

I am proud of the progress we are making. Looking ahead, we strive to be a catalyst for positive and sustainable change as we innovate, empower our people and operate with integrity. As a world leader in intelligent climate and energy solutions, Carrier is proud to have a deeply positive impact on people and our planet.

David Gitlin
Chairman & Chief Executive Officer, Carrier

About Carrier

Carrier is a global leader in intelligent climate and energy solutions, with a diverse and world-class workforce. With more than a century of expertise, we drive innovation while putting our customers first, helping protect our planet, and inspiring and empowering our people. Through our performance-driven culture, we are driving long-term shareowner value by growing earnings and investing strategically to strengthen our position in the markets we serve.

$20.4B
2022 NET SALES

75+
BRANDS

~52,000
EMPLOYEES

160+
COUNTRIES

$539M
2022 RESEARCH and DEVELOPMENT

100+
NEW PRODUCTS
for the 8th consecutive year

9,000+
ACTIVE PATENTS
and pending patent applications worldwide

2022 Net Sales Breakdown

Net sales by business segment[1]

$13.4B	$3.9B	$3.6B
HVAC 64%	Refrigeration 19%	Fire & Security 17%

Net sales by region

Americas	60%
EMEA	23%
Asia Pacific	17%

Net sales mix

| New Equipment | 77% |
| Parts and Service | 23% |
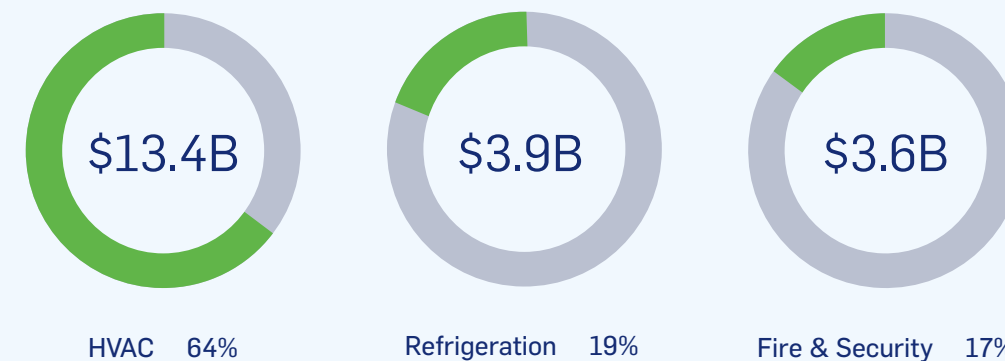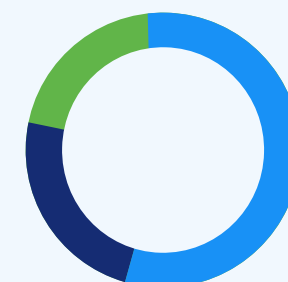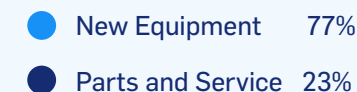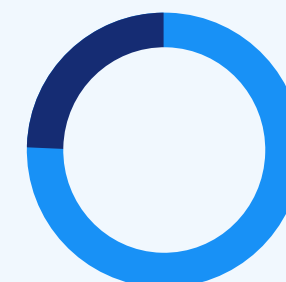
[1] Segment sales include intercompany sales.

Read in conjunction with Form 10-K.

Secular Trends Driving Growth

Carrier lives at the intersection of secular trends, including climate change and sustainability, energy transition, the adoption of alternative-fuel solutions accelerated by government regulations and incentives, and digitalization. We are well positioned to address climate change as a key tenet of our growth strategy.

~40%

of energy-related GHG emissions are attributable to buildings

Up to 30%

efficiency gains can be achieved from smart buildings

~40%

of all perishable food loss could be avoided by cold chain technology

~$1T

is lost annually by retailers due to supply chain inefficiencies

Programs

At Carrier, we deliver sustainable and intelligent outcomes for people around the world. We do this through our Healthy Buildings, Healthy Homes and Connected Cold Chain programs, bringing together expertise from across our company and solutions from our industry-leading brands to solve global challenges and inspire confidence.

HEALTHY**BUILDINGS**

We are shaping a healthier future through our Healthy Buildings Program. With solutions and services that help optimize indoor environments for health, safety and security, we positively impact occupant experiences in places where people live, work, learn and play, while helping to enhance sustainability and improve operational efficiency.

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. Our businesses continue to introduce innovations that give people greater awareness and control of their home's health.

CONNECTED**COLDCHAIN**

We are making the cold chain more healthy, safe, sustainable and intelligent through our Connected Cold Chain Program. Our solutions help preserve, protect and extend the supply of food, medicine and other perishables across the globe.

Sustainability & ESG

GRI 3-3

Carrier takes a holistic, three-pillar approach to sustainability and ESG:

Sustainable Solutions

Carrier develops innovative products and digitally enabled services that help customers reduce greenhouse gas emissions and achieve their sustainability goals.

Sustainable Investments

We invest in intelligent climate and energy solutions through our own research and development and external investments by Carrier Ventures.

ESG in Practice

Our 2030 ESG goals commit us to pursuing decarbonized solutions and operations, an inclusive and diverse workforce, and vibrant communities.

ESG in Practice

Our 2030 ESG goals underscore Carrier's 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 through sustainable solutions, investments and practices. 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.*

In addition, Carrier recently committed to setting near- and long-term greenhouse gas emission reduction goals in line with the Science Based Targets initiative to limit global warming to 1.5°C. In accordance with this initiative, we also are targeting net-zero greenhouse gas emissions across our value chain by 2050.

2030 ESG Goals

2022 Progress

Planet

2030 ESG Goals	2022 Progress
Reduce our customers' carbon footprint by more than 1 gigaton.	Since 2020, our high-efficiency and lower GWP refrigerant products have enabled customers to avoid more than **212 million metric tons** of GHG emissions.
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.	We have invested more than **$730 million** in sustainable research and design since 2020.
Achieve carbon neutral operations.	Our GHG intensity for Scope 1 and 2 emissions decreased by approximately **8%** relative to 2021.
Reduce energy intensity by 10% across our operations.	We reduced our energy intensity by approximately **21%** compared with 2021.
Achieve water neutrality in our operations, prioritizing water-scarce locations.	Our water withdrawal decreased by approximately **11%** compared with 2021.
Deliver zero waste to landfill from manufacturing locations.	**Three** additional manufacturing sites achieved zero waste to landfill certification in 2022.
Establish a responsible supply chain program and assess key factory suppliers against program criteria.	We assessed **59%** of Carrier's product spend against sustainability criteria through our supplier sustainability program.

People

2030 ESG Goals	2022 Progress
Exceed benchmark employee engagement.	Our *Pulse* survey results showed that Engagement Score was **76** and Inclusion Score was **74**, both above benchmarks.[1]
Achieve gender parity in senior leadership roles.	Our global women executive population[2] increased to **30%** in 2022.
Achieve a diverse workforce that represents the communities in which we live and work.	From 2015 to 2022, our global executive diversity[3] increased from 27% to **49%,** and our U.S. People of Color professionals increased from 18% to **26%.**
Foster the growth of Employee Resource Groups (ERGs) to drive social impact.	Our six global ERGs held **more than 40** events with a focus on inclusion and allyship.
Maintain world-class safety metrics.	Our recordable injuries decreased by **35%** compared with 2021.

Communities

2030 ESG Goals	2022 Progress
Positively impact communities by enabling access to safe and healthy indoor environments, alleviating hunger and food waste, and volunteering our time and talent.	We supported **more than 1,100** civic, cultural, economic and social welfare organizations through the Carrier Matching Gifts Program.
Invest in science, technology, engineering and math (STEM) education programs that promote diversity and inclusion.	We contributed **more than $3.2 million** to colleges and universities in support of research, scholarships and programs that promote STEM-related careers and inclusion and diversity.
Promote sustainability through education, partnerships and climate resiliency programs.	With Carrier's support, students around the world participated in virtual field trips to discover the natural world through Nature Lab, The Nature Conservancy's online curriculum program. This three-year program saw **more than 1 million** online engagements.

[1] This benchmark is provided by Carrier's third-party engagement survey provider, with the data representing over 900 companies from around the world.

[2] Does not include Toshiba Carrier Corp.

[3] Global women and U.S. People of Color.

2022 ESG 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

212M+
metric tons of GREENHOUSE GAS EMISSIONS AVOIDED from products sold and avoided food loss since 2020

$730M+
invested in SUSTAINABLE RESEARCH AND DESIGN since 2020

134,000 MWh
of RENEWABLE ENERGY PURCHASED for our North American electricity consumption

Social

49%
GLOBAL EXECUTIVE DIVERSITY[1]

26%
U.S. PEOPLE OF COLOR PROFESSIONALS

1,100+
ORGANIZATIONS SUPPORTED through the Carrier Matching Gifts Program

Governance

44%
BOARD OF DIRECTOR DIVERSITY[1,2]

40%
BOARD LEADERSHIP DIVERSITY[1,2]

89%
INDEPENDENT DIRECTORS,[2] with a robust Lead Independent Director role

ESG Recognition

Ranked No. 9 of
100 Most Sustainable Companies
Barron's, 2022

Named to
Carbon Clean200
Corporate Knights, 2022

Among the
Best Places to Work for LGBTQ+ Equality
Human Rights Campaign Foundation Corporate Equality Index, 2022

Achieved
Prime ESG Corporate Rating
ISS ESG, 2022

Achieved
ESG Leader Rating
MSCI ESG Ratings, 2022

Among
America's Most Responsible Companies
Newsweek, 2022

Named an
ESG Industry Top-Rated Company
Sustainalytics, 2022

[1] Global women and U.S. People of Color.

[2] As of 4/20/2023.

Innovation & Solutions

Carrier innovates to accelerate the development of intelligent climate and energy solutions. We design digitally enabled solutions and services with the product lifecycle in mind, and we proactively enhance our products in advance of regulatory changes.

Greenhouse Gas Emissions

HVAC accounts for approximately 40% of a building's energy consumption, translating to approximately 15% of annual global greenhouse gas (GHG) emissions. Food loss and waste is also a major contributor to climate change. If food loss and waste were a country, it would be the third-largest emitter of GHGs, contributing to about 10% of annual global GHG emissions.

Carrier annually develops and assesses our GHG emissions inventory, and we are establishing science-based targets. We also invest in sustainable innovation and engage with stakeholders to drive positive climate action.

GHG Inventory

Our Scope 3 GHG emissions account for more than 99% of our carbon footprint, with GHG emissions from our products in use representing the majority. Scope 1 and Scope 2 make up less than 1% of our carbon footprint.

GHG Emission Reduction Targets

Carrier is establishing science-based targets in line with limiting global warming to 1.5°C. We are also now targeting net-zero GHG emissions across our value chain by 2050, enhancing our existing 2030 goals of helping our customers avoid more than 1 gigaton of GHG emissions and achieving carbon neutral operations. Combined, these targets

address Scope 1, 2 and 3 emissions, covering enterprisewide direct and indirect emissions. Near- and long-term goals addressing Carrier's Scope 1, 2 and 3 emissions will be developed, published and verified in accordance with the Science Based Targets initiative validation process.
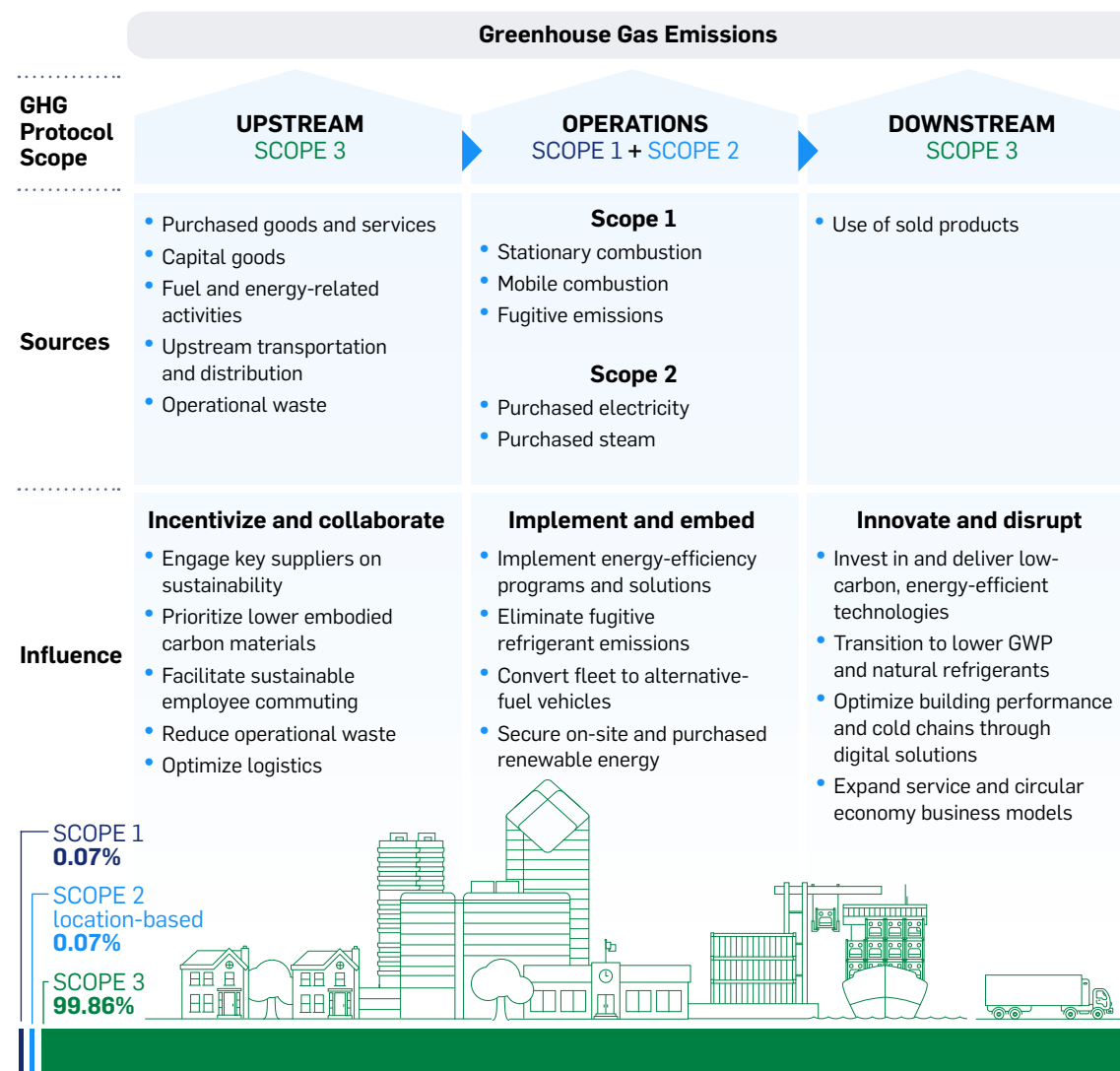
Investments in Sustainable Solutions

We recognize the need for intelligent, sustainable solutions to help our customers achieve their decarbonization goals. We invest in sustainable design, including energy-efficient solutions, lower global warming potential (GWP) refrigerants and more electric technologies, while leveraging service and digital solutions to optimize performance.

Transparency & Engagement

Carrier annually discloses progress toward our climate change goals to hold ourselves accountable and inform stakeholders, including our customers and shareowners. We actively engage with industry associations and regulators who develop codes and standards that facilitate broader adoption of energy-efficient and lower GWP technologies.

Emission Sources in Carrier's Value Chain

GRI 305-1, 305-2, 305-3

	Greenhouse Gas Emissions		
GHG Protocol Scope	**UPSTREAM** SCOPE 3	**OPERATIONS** SCOPE 1 + SCOPE 2	**DOWNSTREAM** SCOPE 3
Sources	• Purchased goods and services • Capital goods • Fuel and energy-related activities • Upstream transportation and distribution • Operational waste	**Scope 1** • Stationary combustion • Mobile combustion • Fugitive emissions **Scope 2** • Purchased electricity • Purchased steam	• Use of sold products
Influence	**Incentivize and collaborate** • Engage key suppliers on sustainability • Prioritize lower embodied carbon materials • Facilitate sustainable employee commuting • Reduce operational waste • Optimize logistics	**Implement and embed** • Implement energy-efficiency programs and solutions • Eliminate fugitive refrigerant emissions • Convert fleet to alternative-fuel vehicles • Secure on-site and purchased renewable energy	**Innovate and disrupt** • Invest in and deliver low-carbon, energy-efficient technologies • Transition to lower GWP and natural refrigerants • Optimize building performance and cold chains through digital solutions • Expand service and circular economy business models

SCOPE 1
0.07%

SCOPE 2
location-based
0.07%

SCOPE 3
99.86%

Advancing Toward 1 Gigaton

We set an ambitious goal to help our customers avoid more than 1 gigaton of GHG emissions from their carbon footprint by 2030.

How We Are Progressing Toward Our Gigaton Goal

- **Investing over $2 billion** to develop healthy, safe, sustainable and intelligent building and cold chain solutions that incorporate sustainable design principles and reduce lifecycle impacts.
- **Delivering a portfolio of efficient, innovative products** that minimize customer energy use and emissions, supporting net-zero ambitions.
- **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** through the adoption of our technologies that reduce food loss.

Since 2020, our high-efficiency and lower GWP refrigerant products have **enabled customers to avoid more than 212 million metric tons of GHG emissions**, which is equal to the annual energy use of nearly 27 million U.S. homes. Learn more about our methodology and progress at corporate.carrier.com/gigaton-goal.

Sustainable Investments

GRI 3-3

Research & Development

Our key strategic innovation and technology focus areas support Carrier's position as a leader in intelligent climate and energy solutions. We are developing more connected and sustainable solutions, including new offerings on our Abound and Lynx platforms.

In addition, the acquisition of Toshiba Carrier Corp. advances our product development in the heat pump segment. Our latest energy-efficient HVAC solutions and refrigeration systems use refrigerants with lower GWP and leverage digital capabilities to improve sustainable outcomes. Carrier is also shifting to electric building and cold chain technologies, while providing customers with more data about the health and safety of their homes through advanced sensing capabilities and mobile connectivity.

In 2022, for the eighth year in a row, Carrier released more than 100 new products. We also have more than 9,000 active patents and pending patent applications worldwide combined. In the last three years, we have invested over $1.4 billion in research and development.

We opened our first Carrier i3 Lab, an innovation incubator, to ignite the development of disruptive, breakthrough technologies and empower Carrier teams to develop, test and learn quickly. Collectively led by our Digital, Engineering and Strategy teams, Carrier i3 Labs enable us to capture aggressive growth opportunities and accelerate our ability to identify and drive significant growth.

We committed to spend
$2B+
on developing SUSTAINABLE SOLUTIONS by 2030

We have invested
$730M+
toward SUSTAINABLE PRODUCT DEVELOPMENT since 2020

Sustainable Product Design

GRI 417-1 | SASB RT-EE-440a.1

Design plays a critical role in determining the environmental impact of our products and solutions. Our design process relies on a thorough understanding of the use, performance and longevity of our products. We design with the product lifecycle in mind. We also continuously improve our tools and develop advanced methods to design sustainable products that improve quality and safety and reduce time to market. We pursue new capabilities in systems engineering, sensing and power electronics management to create electric solutions that reduce the environmental footprint of our products while improving the health, safety and well-being of our customers.

We use model-based systems to optimize our product designs, material use and packaging to achieve the smallest possible material footprint while maintaining performance. Our design tools allow us to determine and compare system and material changes in an agile manner, leading to more innovative and sustainable products and more cost-effective solutions for our customers.

We have three main strategic focus areas for sustainable design, including sustainable material choices, sustainable design and manufacturing, and the reuse and recycling of materials.

Sustainable Material Choices

- Eliminate materials of concern (e.g., radioactive, explosive, highly flammable, hazardous or toxic)
- Eliminate refrigerants with high GWP
- Use packaging made of 100% recyclable or renewable materials

Sustainable Design and Manufacturing

- Reduce or eliminate fossil fuel use through electrification, alternative combustion fuel usage or hydrogen
- Reclaim refrigerants
- Reduce the total mass or volume of materials (e.g., equipment, packaging)
- Increase energy efficiency of a product or embed it into a more efficient system, building or application that reduces the total energy required
- Enable connected solutions for repair and maintenance (e.g., Abound, Lynx)
- Extend product lifecycle through design for service
- Rent and lease equipment

Reuse and Recycling of Materials

- Refurbish equipment (e.g., compressors, motors)
- Provide cooling as a service, reducing equipment and maximizing efficiencies
- Implement takeback and recycling programs
- Partner with suppliers on packaging material returns

Environmental Transparency

GRI 417-1

Environmental product declarations can help customers make informed purchasing decisions. The declarations focus on GHG emissions, energy use, water consumption and material content. Carrier provides sustainability and product transparency by adopting an ISO 14025 (Environmental Labels and Declarations) compliant approach to lifecycle assessment within our product offerings.

Our European Commercial HVAC business created certified Product Environmental Profiles (PEPs) that quantify environmental information on the lifecycle of products sold. By the end of 2022, the team completed 18 PEPs and is on track to create certification profiles by the end of 2023 for 100% of the products that use lower GWP refrigerants.

Carrier Ventures

Carrier Ventures forms strategic partnerships with high-growth companies to accelerate the development of sustainable innovations and disruptive technologies for building and cold chain net-zero solutions.

Sustainable Innovations
We focus on growth areas of electrification, energy management, and residential and light commercial HVAC technologies.

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

Disruptive Technologies
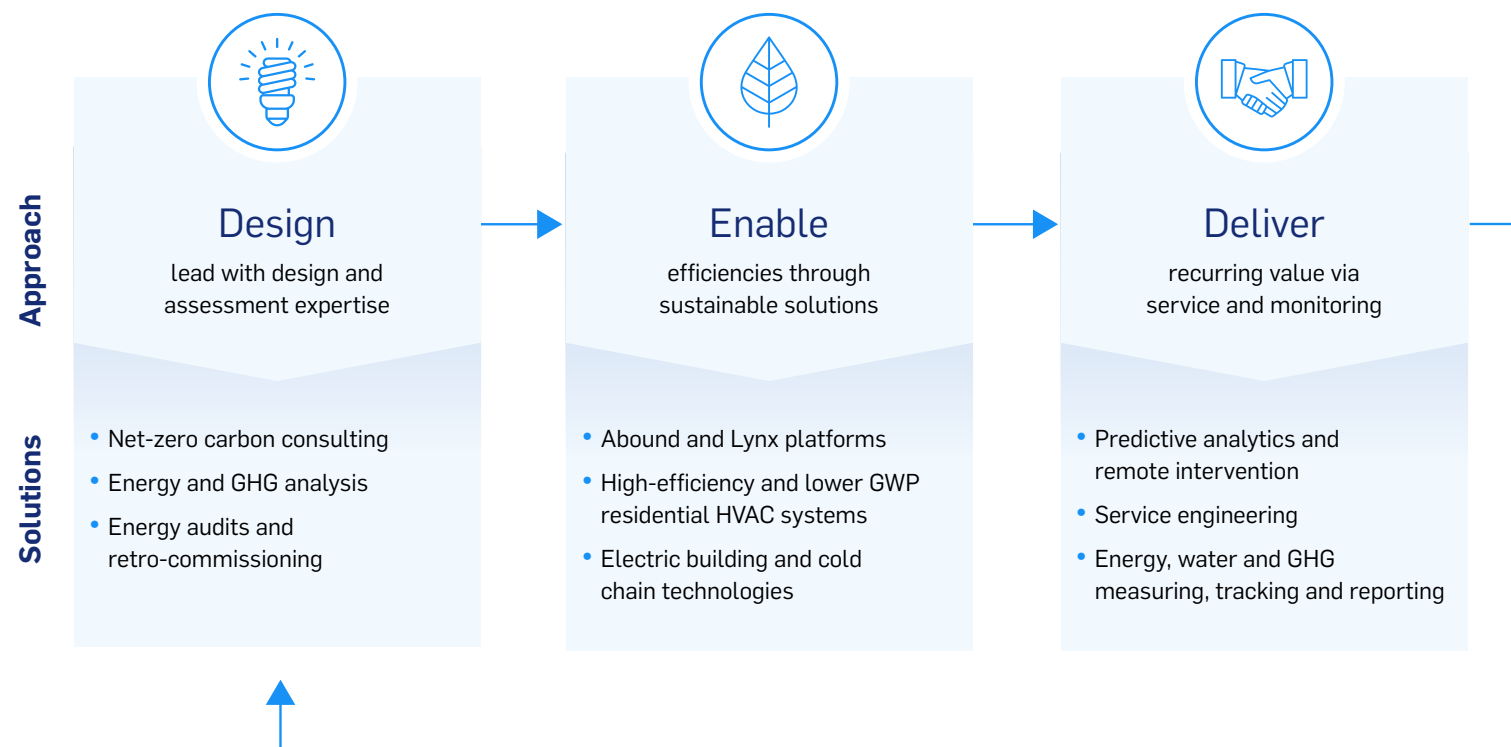We prioritize software and analytics, and telematics.

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

Carrier invested in several companies, including Transaera, which is developing a new class of affordable, energy-efficient, sustainable cooling systems. Transaera's novel desiccant technology uses a unique sponge-like material that uses moisture in the atmosphere to enable its air conditioner to cool air more efficiently. The heat generated by the air conditioner is then used – instead of being wasted – to dry the material for the next cycle. Transaera and Carrier intend to use this technology to develop ultra-efficient climate systems.

Sustainable Solutions

Carrier aims 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.

Approach

Design
lead with design and assessment expertise

Enable
efficiencies through sustainable solutions

Deliver
recurring value via service and monitoring

Solutions

Design:
- Net-zero carbon consulting
- Energy and GHG analysis
- Energy audits and retro-commissioning

Enable:
- Abound and Lynx platforms
- High-efficiency and lower GWP residential HVAC systems
- Electric building and cold chain technologies

Deliver:
- Predictive analytics and remote intervention
- Service engineering
- Energy, water and GHG measuring, tracking and reporting

Design

Carrier offers portfolio energy monitoring and building assessments and sustainability services.

Our NORESCO business helps clients adapt to and mitigate the impacts of climate change by decarbonizing, modernizing and electrifying aging infrastructure to be more sustainable and resilient. By deploying innovative distributed energy, storage and renewable energy solutions, NORESCO improves the health and efficiency of existing campuses, buildings and communities. The city of Fullerton, California, selected NORESCO to implement an energy-efficiency project that will reduce the city's carbon footprint and enable critical infrastructure upgrades. The decarbonization project is guaranteed to save the city more than $12 million. In addition to other energy conservation measures, it includes replacing existing HVAC systems with two high-efficiency Carrier chillers. Fullerton expects to reduce its annual GHG emissions by the equivalent of planting more than 1,300 acres of trees. To date, NORESCO has guaranteed more than $5 billion in energy and operating cost savings at more than 10,000 facilities while reducing customer carbon dioxide (CO_2) emissions by more than 25 million metric tons – the equivalent of planting 1.4 million acres of forest.

Our Environmental Market Solutions Inc. (EMSI) business provides sustainable building design solutions along with economic and technical feasibility assessments. Sustainable design assessments can include the building interior, exterior walls, enclosure structures, and mechanical and electrical systems. EMSI helps customers optimize resource use while leveraging biophilic design and natural, local materials to reduce building energy consumption and carbon emissions. EMSI helped Taikoo Li Qiantan become the world's first shopping mall to earn the WELL Core certification at the Platinum level from the International WELL Building Institute, achieving more than 100 performance metrics, design strategies and policies. EMSI also helped this project earn Leadership in Energy and Environmental Design Gold Certification and China's Green Building Evaluation Label Two Star Certification.

Enable

Carrier develops solutions and technologies that reduce energy consumption and GHG emissions of our products in use. We actively engage with regulatory authorities, trade associations and other stakeholders around the world, working collaboratively to pursue and implement industrywide policies and initiatives that drive sustainability by promoting greater energy efficiency and lower GHG emissions. We invest in energy-efficient technologies and solutions to assist our customers in lowering energy demand and associated GHG emissions.

Energy Efficiency

GRI 302-5

Carrier launched a robust suite of residential heating and cooling solutions well in advance of upcoming regulatory changes. The new, sustainable innovations are compliant with 2023 U.S. Department of Energy minimum efficiency and test procedure requirements. They include a lineup of single-stage and two-stage air conditioners and heat pumps, evaporator coils and fan coils that improve the efficiency and serviceability of HVAC systems and residential packaged products. In addition, Carrier launched light commercial products that improve performance and efficiency. To ensure a seamless transition to the 2023-ready solutions, Carrier provided comprehensive training and held large-scale events to educate distributors and dealers.

In 2022, Carrier unveiled the Vector HE 17 temperature-controlled trailer unit. It uses Carrier's pioneering all-electric E-Drive technology, removing the need for the mechanical transmissions found in belt-driven refrigeration systems and converting engine power into electricity to drive the unit. Combined with the new variable frequency drive management that continuously alters the motor speed to match the air demand, the unit delivers greater efficiency, reduces the risk of refrigerant leaks and significantly lowers fuel consumption.

Healthy Indoor Environments

We provide solutions that inspire confidence in indoor spaces by optimizing them for human health, productivity, safety, security and sustainability. We leverage our expertise and innovative solutions to create healthy indoor environments in buildings around the world.

Carrier's healthy building solutions include ventilation and filtration technologies, controls, touchless products and more. Indoor air quality assessments, ongoing monitoring and service offerings inform building owners of opportunities to mitigate potential issues and achieve peak performance and efficiency.

Electrification and Alternative Fuels

The transition to electrification is increasing the adoption of heat pump technology in the HVAC industry. Heat pumps are versatile in creating indoor comfort, providing heat in winter and air conditioning in summer. We strengthened our position in the fast-growing variable refrigerant flow and heat pump market segments by acquiring Toshiba Carrier Corp. The acquisition presents significant opportunities for Carrier to drive growth through energy-efficient residential and light commercial solutions. Combined with Carrier's existing partnerships, the acquisition strengthens our portfolio of innovative, environmentally responsible solutions with a broader range of highly efficient, all-electric products, positioning Carrier to lead the world's heating and cooling sustainability transformation.

> Our Refrigeration businesses are helping facilitate the transition to renewable energy through electrification, while innovating sustainable and intelligent solutions and services. Carrier offers an electric product for all vehicle types and sizes, from vans and light commercial vehicles to trucks and trailers.

The new Pulsor eCool unit is designed for the ever-growing electric light commercial vehicle market. It operates through a direct connection to the high direct current voltage of the main vehicle batteries, removing the need for an additional converter or battery pack. This cost-effective plug-and-play design communicates in real time with vehicle data to ensure optimal temperature control and battery performance, making it the ideal solution for last-mile delivery and electrification.

Refrigerants

Carrier focuses on delivering the right refrigerant for each application. The right refrigerant varies by customer and geography due to specific country or regional requirements. Where technically feasible, we deliver natural or very low GWP refrigerant solutions (GWP <150) and 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_2OLtec, NaturaLINE, PUREtec, AquaEdge and AquaForce product families.

- **PUREtec hydrofluoroolefin (HFO) refrigerants such as R-1233zd(E) with a GWP of less than 1 are Carrier's solution for centrifugal chillers** used in HVAC globally. PUREtec HFO refrigerants such as R-1234ze(E) are Carrier's solution for screw chillers in Europe. HFO/HFC refrigerant blends like R-513A are alternative Carrier solutions for selected centrifugal and screw chillers used in North America.

- **Carrier has identified R-454B**, known commercially as Puron Advance, **as the primary lower GWP solution to replace R-410A** in our ducted residential and light commercial packaged solutions sold in North America. In 2022, Carrier selected R-454B as the optimum solution for use in rooftop applications across Europe. R-454B has a GWP that is 78% lower than the GWP of R-410A.

- **We have identified R-32 as our primary lower GWP solution to replace R-410A in scroll chillers.** This is expected to result in an 80% reduction in the refrigerant GHG footprint relative to R-410A units.

- **CO_2 is Carrier's preferred natural refrigerant solution for transport and commercial refrigeration.** A safe and non-ozone-depleting gas, CO_2 has a GWP of 1 and good energy efficiency. Carrier has pioneered the use of CO_2 in applications such as supermarket refrigeration and marine container refrigeration to sustainably extend the world's food supply.

In 2022, Carrier added five new higher-capacity models to the AquaForce Vision 30KAV liquid chiller range using hydrofluoroolefin refrigerant R-1234ze(E). The chillers are based on variable-speed screw compressors designed to deliver outstanding energy efficiency and environmental performance, plus quick and easy installation and servicing. All chillers in the range are designed to exceed European Ecodesign requirements for efficiency and operating sound levels. The use of ultra-low GWP refrigerant R-1234ze(E) with a reduced charge ensures low direct carbon-equivalent emissions. By closely matching compressor speed to cooling load and optimizing chiller performance, it reduces energy use and helps minimize indirect emissions.

Deliver

Aftermarket

Carrier delivers solutions to our customers across the entire product lifecycle. Our comprehensive aftermarket solutions include remote monitoring and diagnostics, predictive maintenance, spare parts, repairs, modifications and upgrades, rentals and other cutting-edge digital services.

For the second year in a row, Carrier achieved double-digit parts and service growth in 2022, a testament to the positive response from our customers. Our differentiated and digitally enabled lifecycle solutions, such as Abound and Lynx, are accelerating our recurring revenues.

EcoEnergy Insights, part of the Carrier portfolio and a leading provider of AI- and IoT-enabled solutions and services, surpassed 5 billion kilowatt-hours of energy savings for clients worldwide in 2023. This is equivalent to the amount of GHG emissions from more than 788,500[1] gas-powered passenger vehicles driven over a one-year period.

At a time of energy cost increases, Carrier introduced an Energy Optimization Program in Europe to help deliver sustainable savings to businesses with small commercial refrigeration applications up through large industrial installations. Carrier offers on-site energy evaluations to provide custom recommendations on how to reduce energy consumption through retrofits, modifications and energy-saving solutions. Carrier's ready-to-install products can help customers lower their energy usage by as much as 40% and reduce their carbon footprint.[2]

The BluEdge service program is Carrier's best-in-class service and aftermarket offering. It uses analytics to decipher data, extract insights and implement solutions before issues arise. We expanded BluEdge service coverage in all business segments and increased HVAC parts sales through our e-commerce platform. Our commercial HVAC business has approximately 70,000 chillers under BluEdge service contracts. Nearly 20,000 Carrier chillers are connected, enabling real-time monitoring and remote services from our global network of command centers, engineers and data scientists. Similarly, our truck trailer, commercial refrigeration and industrial fire businesses offer an extensive range of BluEdge service agreements to help customers optimize equipment performance. The program features a tiered service model with coverage that includes regular maintenance at the basic tier to more comprehensive and digitally enabled coverage that also includes repairs, parts and labor.

[1] U.S. Environmental Protection Agency Greenhouse Gas Equivalencies Calculator.

[2] Depending on the cabinet model and/or mechanical system, as well as optional equipment selected during configuration and different environmental conditions, the energy saving potential for the cabinet and/or mechanical system being used may deviate. The values given are comparisons between the operation of the cabinets and/or mechanical systems without and with the additional services offered through the Carrier Energy Optimization Program (referred to as "Energy Savings Solutions").

Digital Technologies

Connected platforms, integrated solutions and value-added services are powering Carrier's transition from an equipment manufacturer to a provider of digitally enabled lifecycle solutions. We combine our hardware solutions with software, data and artificial intelligence to create smarter buildings and homes and a more connected cold chain. Carrier solutions, such as Abound and Lynx, enable real-time insights that drive positive, healthy and sustainable outcomes for customers. Our innovative, cloud-based platforms make Carrier an integral part of customer ecosystems, driving recurring revenue opportunities.

Our Abound suite of digital solutions unlocks actionable insights about indoor air quality, energy usage and carbon emissions, helping customers meet their sustainability and operations goals. We also help customers reduce their total cost of ownership through an expanded Abound offering that enables smarter, more predictive maintenance to optimize HVAC equipment health and performance.

In addition, Carrier's Abound Net Zero Management is a new digitally enabled lifecycle sustainability solution that provides building owners and managers a way to measure, track, view and report energy and carbon performance to help meet ESG goals. The solution tracks and analyzes energy performance in an individual building and across multiple sites, and it benchmarks against a portfolio of buildings. Customers can identify underperforming equipment or buildings, prioritize specific energy and carbon reduction measures, fix operational issues such as inefficient scheduling, and institute new energy and carbon reduction initiatives.

Lynx, our cloud-based digital offering powered by Amazon Web Services and other collaborators, allows customers to leverage data to improve the effectiveness and sustainability of their supply chains. By enhancing visibility, resiliency, agility and efficiency in the cold chain, Lynx helps reduce loss and supports real-time decisions, ensuring foods and vital medications safely reach people around the world.

Carrier's Lynx Fleet digital platform provides comprehensive monitoring capabilities for refrigerated trucks and trailers. The solution integrates transportation and warehouse management systems, provides an intuitive interface to access data and helps optimize fleets to decrease fuel consumption, carbon dioxide emissions and food loss. Lynx Fleet has enhanced dashboards that allow fleet managers to easily monitor transport refrigeration equipment usage, improve operational efficiencies and maximize uptime.

Circular Business Models

GRI 306-2 | SASB RT-IG-440b.1

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

As a Service

Carrier Rental Systems is a leading provider of specialized cooling, heating, dehumidification and power generation rental equipment. We provide customers with cost-effective and energy-efficient solutions to supplement existing equipment during seasonal business cycles, planned shutdowns and emergency events.

End of Useful Life Management

Carrier helps customers with their end of useful life refrigerant management, supporting their environmental strategies. Our BluEdge service offering includes responsible refrigerant management, with reclamation and decommissioning processes in place. Appropriate refrigerant management helps to ensure that these chemicals do not escape into the environment. Carrier offers refrigerant conversion to retrofit existing equipment with alternative refrigerants that are readily available, cost effective and environmentally preferred.

Product Takeback

The Sensitech Device Takeback Program promotes the return of time and temperature data collection instruments for renewal and reuse to keep them out of landfills. Since 2021, we have reclaimed over 4.7 million devices.

Recyclability

Carrier was awarded recyclability accreditation for the PrimeLINE and NaturaLINE refrigeration units by Underwriters Laboratories Inc. (UL). These units are the only transport container refrigeration units in the industry to achieve this prestigious sustainability validation. This accreditation validates the recyclability of PrimeLINE and NaturaLINE refrigeration units at 93% and 95%, respectively, per UL Environmental Claim Validation Procedure 2789.

Product Responsibility

GRI 3-3

Carrier's proactive product integrity programs help ensure that the quality and safety of the products and services we provide meet or exceed customer and regulatory requirements.

Product Safety

GRI 416-1 | SASB RT-EE-250a.2

Our Product Integrity Policy establishes governance and coordination within and among our business segments to ensure the quality and safety of the products and services we provide. Our product safety program focuses on:

Proactive risk prevention during product development safety reviews to ensure that compliance, quality and safety meet or exceed certification requirements.	Preventing product and process safety defects during production by implementing monitoring and control plans.	Rapid and effective mitigation of potential product safety risks identified in the field.

The Carrier Product and Services Safety Council is responsible for the prompt identification, investigation and resolution of potential product safety issues and reviews all specific customer or regulatory communications prior to release. 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 to manage oversight of product safety issues and establish proactive measures.	Establishing a Product Safety Council to review product safety issues and oversee implementation of the Product Integrity Policy.	Exercising responsibility for incident identification, reporting, investigation and timely resolution while fostering an effective safety culture.

Product safety training includes information on when and how to report potential or actual product safety events. It is required for employees identified as critical participants in the incident escalation process. Employees receive additional product safety training based on their roles.

Product Quality

Our Quality Management System governs product quality policies and programs, setting standards, processes and metrics to help ensure the integrity of our products along their lifecycle. We regularly review data, lessons learned and best practices, deploying process and policy enhancements to continuously improve quality across Carrier sites.

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

Product Development

- New products go through a gated process, ensuring cross-functional teams are involved from concept to commercialization.

- Products are released when specified safety, verification and reliability testing is completed.

- Products are 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 undergo an in-depth quality assessment to ensure compliance with our standards, along with 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 are delivered to customers by reviewing warranty data and customer feedback.

- Quality managers regularly review claims data so we can quickly react to field issues and customer feedback.

Continuous Improvement

Carrier's Internal Audit team assesses product safety culture and awareness in selected business segment sites at least three times a year. The Carrier Product Safety Board, chaired by our Chairman & Chief Executive Officer, meets at least once annually to review business segment performance, company-level performance and program health indicators. We also perform rigorous internal quality management audits to drive quality across our manufacturing facilities.

Product Cybersecurity

In accordance with our Product Cybersecurity Policy, Carrier products and services are subject to robust secure-development and process-control requirements. Carrier's Dynamic Secure Development Lifecycle Support process enables compliance with respected international cybersecurity standards, such as IEC/ISA/ANSI 62443 and NIST 800-53.

Our goal is to ensure the following strategic outcomes for our offerings:

- Products and services that are secure by design.
- Standards-based cybersecurity governance and compliance.
- Persistent vigilance and continuous improvement.
- Customer mission success.

Carrier's Global Product Cybersecurity team supports and delivers on the strategic, production, operational and commercial cybersecurity-related demands of our stakeholders in three areas: secure product development, product cyber operations and cyber commercial innovation.

Our Dynamic Secure Development Lifecycle Support process earned cybersecurity certifications by means of independent audit, after meeting the requirements for ANSI/ISA-62443-4-1:2018 and IEC 62443-4-1-2018 in 2022. As a result of the work achieved in creating this new process, Carrier's Global Product Cybersecurity Program was named a 2022 CSO50 award winner.

In addition, Carrier is a CVE Numbering Authority, a program sponsored by the U.S. Department of Homeland Security through the Cybersecurity and Infrastructure Security Agency.

Customer Experience & Satisfaction

At Carrier, we have a passion for customers – we win when they win. Listening to our customers and acting quickly to meet their needs is part of *The Carrier Way*, and we aim to create loyalty through best-in-class customer experiences.

We have a simplified and standardized approach to managing customer feedback using the Net Promoter Score. It asks customers how likely they are to recommend our brands. Real-time 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 have allowed us to identify and engage with thousands of customers, greatly improving the customer experience.

As part of this process and technology investment, our Carrier-wide Customer Experience Center of Excellence partners with Carrier businesses to use the Net Promoter Score 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.

Operations

Carrier incorporates sustainable practices throughout our global operations to reduce greenhouse gas (GHG) emissions, energy consumption, water withdrawal and waste generation.

Operational Excellence

Carrier Excellence is our continuous improvement framework that drives operational excellence across the company, enhances customer experiences, enables growth and engages employees in problem-solving to achieve breakthrough performance results. Transforming and maintaining our world-class culture requires focus on both behavior and results.

Carrier Excellence keeps us focused on delivering outstanding performance by:

- Enhancing the customer experience.
- Driving value to our shareowners.
- Delivering best-in-class performance.
- Engaging employees to continuously improve our processes.
- Innovating sustainable solutions for the future.

The pillars of Carrier Excellence are culture, competency and tools:

Culture: Carrier Excellence creates a culture where opportunities for improvement are valued, enabling us to focus on delivering outstanding performance for our customers.

Competency: The Carrier Excellence Certification Program provides a framework for continuous employee learning to help achieve better results across the enterprise.

Tools: Carrier Excellence tools are methods for managing and improving processes, eliminating waste, identifying and resolving problems, and managing critical decisions and project execution.

Environment, Health & Safety Management

GRI 3-3, 403-1, 403-8

The health and safety of our employees is the top priority across our operations. Carrier's Environment, Health & Safety (EH&S) Operating System and EH&S programs help protect our people, stakeholders and the environment. The system governs all Carrier employees and contractors across manufacturing, service and office locations. EH&S governance begins at the site level up through the Board of Directors. We implement our EH&S Policy through our EH&S Operating System, which provides a continuous improvement framework grounded in integrated planning and performance measurement. Carrier uses a third-party software provider to capture data across our facilities and service locations. This data helps us track, monitor and assess our EH&S metrics, including GHG emissions, energy, water, waste, and health and safety.

The EH&S Operating System structure is aligned with ISO 14001 and ISO 45001 management system standards and follows the Plan-Do-Check-Act cycle. Our EH&S organization, governance and performance expectations include:

- Management responsibility and Board-level EH&S oversight.
- Integrating EH&S management across the enterprise.
- Compliance with relevant EH&S regulatory requirements in the locations we operate.
- A formalized EH&S risk management process.
- Data and document management, including performance measurement, corrective action monitoring and metrics reporting.
- Best practice sharing on EH&S topics and issues.
- Employee training and engagement.
- Industry-leading processes and practices.

[1] 2020 and 2021 data includes Chubb (divested). 2022 environmental and revenue data includes Giwee (acquired in 2021) and excludes acquisitions completed in 2022, such as Toshiba Carrier Corp.

Operational Performance Highlights[1]

GRI 302-1, 302-3, 303-3, 305-1, 305-2, 305-4, 305-5, 306-3, 306-4, 306-5

GHG Emissions

Scope 1 and 2 operational emissions represent electricity and fuel use across our global operations and fugitive refrigerant emissions.
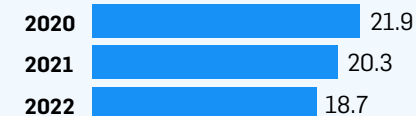
Absolute GHG Emissions (tCO$_2$e)
■ Scope 1   ■ Scope 2 location-based

Year	Scope 1	Total
2020	186,812	196,033
2021	229,973	187,630
2022	187,559	178,786

GHG Intensity
(tCO$_2$e/million USD in net sales)

Year	Value
2020	21.9
2021	20.3
2022	18.7

Energy
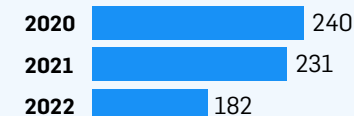
We use electricity and fuel to operate our global business, including product manufacturing and service.

Total Energy Consumption (GJ)

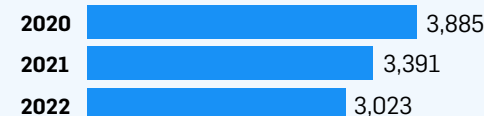| Year	Value
2020	4,194,215
2021	4,754,278
2022	3,571,911

Energy Intensity
(GJ of energy/million USD in net sales)

Year	Value
2020	240
2021	231
2022	182

Water

Carrier uses water across our operations primarily for heating, cooling and manufacturing purposes.

Water Withdrawal (ML)

Year	Value
2020	3,885
2021	3,391
2022	3,023

Waste & Recycling

Our waste primarily includes metal, wood, paper and glass. To reduce waste, we recycle, reuse and recover materials.

Total Waste (metric tons)
■ Diverted   ■ Disposal

Year	Diverted	Disposal
2020	59,626	6,612
2021	60,405	7,638
2022	64,429	8,132

Energy & Operational Carbon Footprint

GRI 302-1, 302-3, 302-4, 305-1, 305-2, 305-4, 305-5

Our goal to achieve carbon neutral operations by 2030 builds on our legacy of implementing targeted reduction programs across our global facilities. Our Scope 1 and 2 GHG emissions are attributable to electricity and fuel consumption across our operations, including factories, offices, fleet vehicles and fugitive refrigerant emissions within manufacturing.

Our carbon neutrality strategy has three focus areas:

1) Reducing emissions through energy efficiency, refrigerant management and electrification.
2) Expanding renewable energy consumption.
3) Addressing remaining unabated emissions through carbon offsets, prioritizing carbon removal and sequestration.

With a continuous improvement mindset, we are working to reduce our absolute GHG emissions through capital and operational investments as well as renewable energy. In 2022, our Scope 1 and 2 operational GHG emissions decreased by 51,258 metric tons of carbon dioxide equivalent (tCO$_2$e) compared with 2021, primarily due to the divestiture of Chubb. Our overall emissions intensity decreased by 8% compared with 2021, demonstrating progress toward our emission-reduction goals.

We decreased energy consumption by 25% since 2021, a reduction of approximately 1.2 million gigajoules (GJ). The corresponding 21% decrease in energy intensity demonstrates progress in our ongoing energy-efficiency efforts across our manufacturing sites.

2022 Operational Energy Consumption

~3.6M

GJ OF ENERGY consumed

~44%

of our total energy consumption came from ELECTRICITY

~56%

of our total energy consumption came from ON-SITE FUEL COMBUSTION and VEHICLE FUEL use

~21%

REDUCTION IN ENERGY INTENSITY compared with 2021

Energy & GHG Management

GRI 302-3, 302-4 | SASB RT-EE-130a.1, RT-IG-130a.1

Carrier committed to reducing energy intensity by 10% across our operations by 2030, supporting our operational carbon neutrality goal. We reduce energy consumption through conservation and efficiency initiatives tailored to specific facility conditions and energy use patterns. Informed by regular energy audits, our sites are required to review, select and implement best management practices to achieve energy and GHG emission reductions, including:

- 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.
- 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.

In 2022, we implemented several initiatives to support our carbon neutrality and energy intensity targets:

Energy Audits: We partnered with our NORESCO business to conduct energy audits across our largest energy-consuming sites, including Athens, Georgia; Collierville, Tennessee; Indianapolis, Indiana; Monterrey, Mexico; and Syracuse, New York. Across the globe, we completed 22 energy audits and identified energy-efficiency and GHG-reduction projects supporting our carbon neutrality strategy.

Energy Efficiency: We piloted an initiative to address compressed air leakage points within our Monterrey, Mexico, campus. The pilot is expected to save energy and reduce emissions by approximately 900 tCO_2e annually. We are expanding the initiative globally based on the successful implementation of this pilot.

We also installed heat recovery equipment within the paint shop process at our Myto, Czech Republic, facility that enabled us to repurpose waste heat to heat potable water. This is expected to reduce annual emissions at the site by approximately 1,000 tCO_2e. We are assessing comparable retrofits across our global facilities with similar waste heat operations.

Energy Conservation: Our companywide "shut-it-off" programs focus on shutting off office and facility equipment when not in use to conserve energy. For example, our GST facility in China implemented energy-saving measures, including turning off the lights for an hour a day during break time and turning off lighting in well-lit areas. In five months, these efforts resulted in a total energy savings of more than 63,000 kilowatt-hours, the GHG emissions equivalent of approximately 40 tCO_2e.

Fleet Decarbonization: Vehicle fleet emissions make up 27% of our overall Scope 1 emissions. With this in mind, we launched a fleet decarbonization plan, focused on converting to hybrid vehicles, piloting electric vehicle fleets, implementing a global fleet-tracking program and incorporating incentive programs.

Refrigerant Management: Within manufacturing, refrigerant leakage accounts for 36% of our overall Scope 1 GHG emissions. Carrier continues to mitigate refrigerant leak emissions through operational improvements and the transition to low global warming potential (GWP) refrigerants. In China, our Giwee manufacturing site, which was acquired in 2021, had refrigerant leaks in its manufacturing and testing processes. Since the acquisition, Carrier implemented a leakage improvement project, and we installed a refrigerant recovery and recycling system at the site that is expected to significantly reduce refrigerant leak emissions.

Renewables

Our renewable energy strategy includes on-site installations, direct procurement and renewable energy credits (RECs). We assess renewable energy opportunities, starting with our global manufacturing and research and development centers. In 2022, we installed a solar array system at our research and development campus in Shanghai that is expected to account for approximately 25% of the site's annual electricity consumption. Additionally, Carrier purchased 134,000 megawatt-hours of Green-e certified RECs, generated from U.S. wind farms. Our Scope 2 market-based GHG emissions decreased by 49,698 tCO_2e, a 25% reduction in 2022 compared with 2021, primarily due to the purchase of renewable energy.

Carrier Off-Site Renewable Energy Sources

Facility	Type	2022 Production (MWh)
Bull Creek Wind	Wind	42,845
Notrees Windpower	Wind	2,336
Pyron Wind Farm LLC	Wind	5,288
Silver Star 1 Wind Power Project	Wind	50,158
Sunray Wind I	Wind	33,373

Carbon Offsets

Carrier prioritizes absolute GHG emission reductions across our value chain to achieve our carbon neutrality and net-zero targets. We acknowledge, however, that carbon offsets are a necessary lever in our decarbonization journey. In 2022, we purchased 60,000 metric tons of carbon dioxide offsets from a voluntary nitrous oxide abatement project in North America.

In addition, Carrier has become an early investor and limited partner in the recently launched Climate Asset Management – Nature Based Carbon Fund, targeting independently validated projects to reduce or avoid the release of GHG emissions into the atmosphere. The projects focus on nature-based solutions in developing economies that aim to deliver biodiversity improvements at scale for climate resilience and community benefits.

Water

GRI 303-1, 303-2, 303-3, 303-4, 303-5

Our 2030 water neutrality goal prioritizes water-scarce locations with the intent of preserving watersheds in our local communities as well as supporting climate adaptation and resiliency. Sites are required to conduct a water balance assessment and evaluate and document all regulatory requirements to inform their site wastewater management plan. We use a third-party software platform to ensure compliance and monitor water purchases, withdrawals and discharges.

The primary drivers of water withdrawals across our global operations are heating, cooling and manufacturing. To reduce consumption and promote conservation, our sites have specific water targets aligned with their water balance assessments and water-scarcity designations. As part of our EH&S Operating System, sites are also required to implement best management practices, including leak management, flow meters, low-flow fixtures, process water recycling and landscaping plans that minimize water use. Additionally, sites are responsible for managing and monitoring both treated and untreated wastewater discharges or effluents in accordance with local regulations.

In 2022, Carrier's total water consumption increased by 166 megaliters (ML), while water withdrawal decreased by 368 ML, a reduction of 11% compared with 2021.

Carrier's exposure to water risks varies by region and type of facility. Informed by the World Resources Institute Aqueduct Water Risk Atlas tool, we assess and prioritize sites in water-stressed areas across our global operations. We identified 14 locations that fall within the high-risk category for water stress. In total, these sites withdrew nearly 269 ML of water in 2022, accounting for 9% of our global total.

In 2022, Carrier's Navojoa facility, located in a water-scarce area in Mexico, reduced water usage by approximately 1.36 ML or 359,000 gallons, an 11.5% reduction compared with the previous year. To reduce the reliance on local water utilities despite operational growth, the facility redirected treated greywater to restroom facilities and to use for irrigation in local crop gardens.

Operational Water Withdrawal and Intensity[1]

■ Withdrawal (ML)
●─ Intensity (ML/million USD)
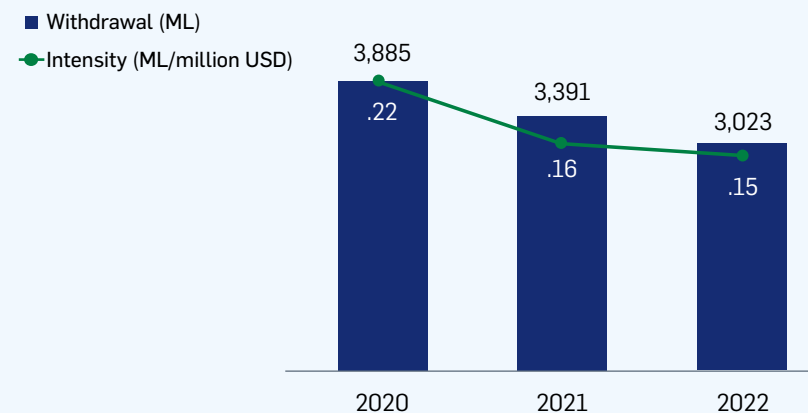
Operational Water Use[1] (ML)

■ Discharge
■ Consumption
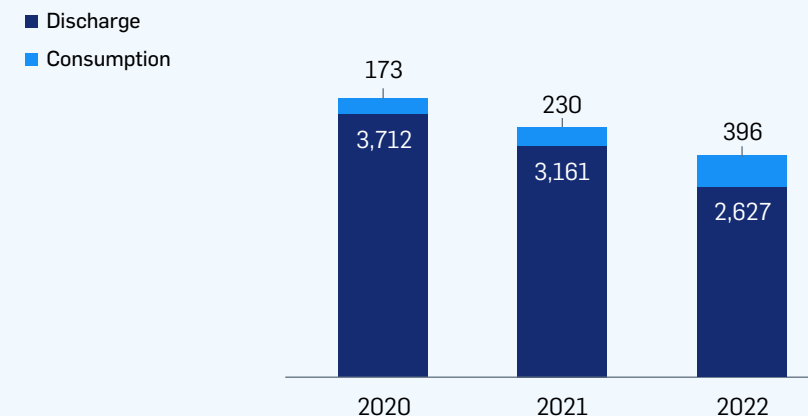
[1] In 2022, we updated our calculation methodology for water consumption and replenishment to align with industry best practices. Water totals now include once-through non-contact water, which is used as process water to remove heat and has not come into contact with any raw material, intermediate product, waste product or finished product.

Waste

GRI 306-1, 306-2, 306-3, 306-4, 306-5 | SASB RT-EE-150a.1

Our 2030 ESG goals include delivering zero waste to landfill from manufacturing locations. We define zero waste as a diversion rate of 98%. More than 95% of the waste we generate includes nonhazardous waste, such as metal, wood, paper and glass. Hazardous waste is less than 5% of the total waste generated but poses potential risks to the environment and requires increased regulatory oversight and added treatment costs. Carrier's waste management strategy prioritizes avoiding and reducing generation at the source, including collaborating with suppliers to reuse packaging to optimize our production processes. We also recycle and recover useful materials produced from manufacturing. We treat waste that cannot be avoided, reused or recycled to reduce environmental impact. The remaining waste, dependent on its contents and in compliance with local regulations, is sent for off-site disposal or energy recovery.

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

- Installing site storage in the appropriate locations with signage and employee training.
- Recycling metal waste and nonmetal commodities.
- Implementing a formal coolant management program.
- Investigating and characterizing all acid/alkali waste streams.
- Identifying characteristics, sources and amounts of unique and/or small-volume waste.

Three additional Carrier manufacturing sites achieved zero waste to landfill certification by transitioning to more sustainable waste management methods, bringing our total to four sites by the end of 2022.

Operational Waste Generation and Management (metric tons)

Hazardous
- ■ Disposal
- ■ Diverted

Nonhazardous
- ■ Disposal
- ■ Diverted
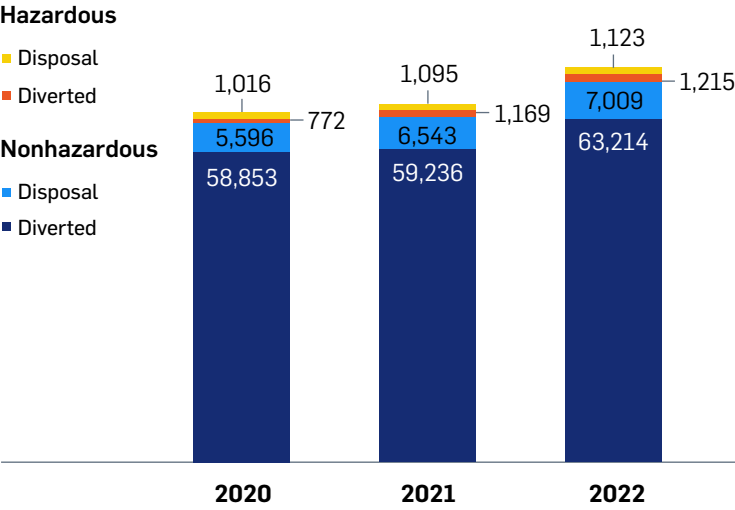
Operational Waste Diversion Rate

	2020	2021	2022
Nonhazardous	91%	90%	90%
Hazardous	43%	52%	52%

Health & Safety

GRI 2-25, 3-3, 403-1, 403-2, 403-7, 403-9 | SASB RT-IG-320a.1

As part of our 2030 ESG goals, we are committed to maintaining world-class safety metrics. We invest in creating safe work environments, continuous monitoring and performance improvement, ongoing training and a strong safety culture to deliver safe, reliable, compliant and sustainable workplaces for our employees and contractors.

Our approach to workplace health and safety is built on three principles:

1) Safety is a responsibility shared by all employees and promoted by leadership.

2) Leading indicators help focus our attention on areas where risks and injuries can emerge over time.

3) Workplace safety requires continuous operating discipline and focus.

These principles guide the management of health and safety risks across our global operations and service locations. Carrier's EH&S Policy is reinforced by our EH&S Operating System. This system supports our ability to maintain safety compliance and continuous improvement across our global facilities and field operations, enabling us to:

- Provide our employees and contractors with workplaces free from injury and illness.
- Minimize the impact on the environment and our communities.
- Comply with all applicable EH&S obligations.
- Proactively manage emerging aspects, impacts, hazards and risks.
- Monitor and continuously improve performance.
- Achieve our health and safety objectives and improvement targets.

Dedicated health and safety professionals implement the EH&S Operating System across our global operations and field services. All facilities are required to regularly identify, assess and manage risks using the hierarchy of controls, including when planned and unplanned operation changes occur. Our health and safety professionals conduct risk assessments and communicate impacts, hazards, risks and associated controls to affected people.

Carrier's EH&S councils meet regularly to direct and coordinate EH&S initiatives. Activities include:

- Reviewing and updating programs.
- Identifying new programs and policies.
- Conducting evaluations.
- Evaluating progress to goals.
- Reviewing compliance assessments.
- Implementing and communicating with employees about recommended health and safety actions.

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). The primary health and safety risks within our factory and service operations are associated with machines, forklift trucks, working at heights, chemicals, hazardous energy, electricity and material handling. We address these risks through our EH&S Operating System, targeted programs and training.

In 2022, recordable injuries decreased by 35%, driven in part by continued focus and investment in machine safeguarding, installing additional controls on our forklift fleets, and upgrading basic tools.

Total Recordable Incident Rate[1]

	2020	2021	2022
Rate	0.37	0.38	0.31

Lost-Time Incident Rate[2]
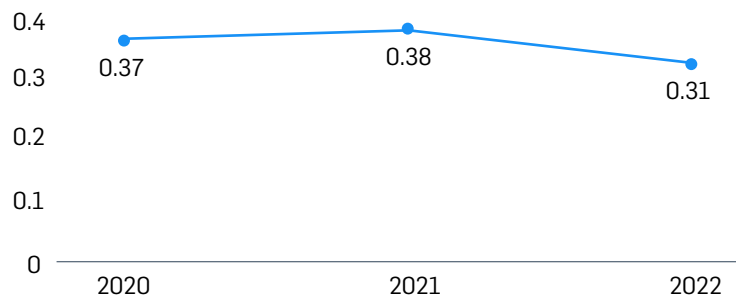
	2020	2021	2022
Rate	0.13	0.12	0.12
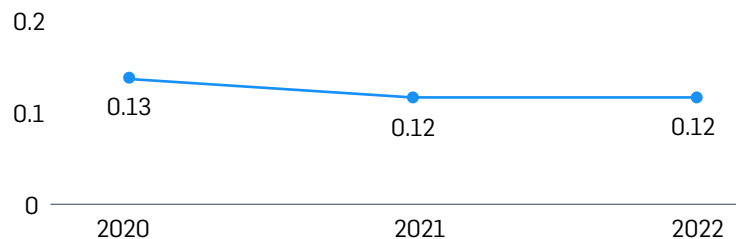
Lead With Safety

GRI 403-4

Our Lead with Safety program focuses on nine Safety Commitments and empowers Carrier employees and contractors to embrace each commitment. We encourage and facilitate two-way active dialogue with employees through multiple communication mechanisms, including works council meetings, safety committees, collaborative inspection programs and open forum staff meetings. This helps create a culture of hazard awareness and prevention that drives our continuous safety improvement journey.

Our Stop Work Authority Standard covers the expectations and the process to stop, assess, resolve and follow up if any task cannot be performed safely by employees, contractors or visitors on the manufacturing floor or in field operations. All site leadership teams promote and reinforce this behavior and prevent the threat of retribution and retaliation for reporting safety concerns or stopping work. Stop Work events are immediately reported to the area supervisor, the site EH&S team and site leadership where appropriate. Hazard observations are tracked within our reporting system, providing insights that drive proactive controls to help avoid future incidents.

Lead with Safety posters help promote a safety culture in our manufacturing facilities.

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

[2] LTIR: Number of lost-time cases x 200,000/total hours worked.

Occupational Health

GRI 403-3, 403-6, 403-7

Carrier's EH&S Operating System identifies critical actions for maintaining occupational health, including employee health and medical surveillance testing and industrial hygiene assessments of hazards that may impact employee health.

COVID-19

We continued to navigate the evolution of COVID-19 globally. We took 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 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.

Noise and Hearing Conservation

Carrier's EH&S Operating System requires facilities to identify and assess noise hazards, ensure these hazards are appropriately documented, and review and improve (where possible) any noise hazards greater than 85 dBA.

In 2022, Carrier received a Health Promoting Enterprise certificate from the Ministry of Health of the Czech Republic for the third consecutive time, recognizing our Refrigeration manufacturing operations. The certificate confirms a high level of prevention and health care provided to employees in accordance with Criteria for Evaluation of Health Promotion at Workplace prepared by the National Institute of Public Health.

Training & Development

GRI 403-5

Carrier's EH&S Operating System requires the creation and adoption of an annual training plan within our manufacturing and service operations that includes topics, methods of training, target audiences and training providers.

Emergency Management

Business disruption can happen at any time due to extreme weather, loss of critical infrastructure, violence, disease outbreaks, pandemics or other issues. Emergencies can occur at a facility or at a regional, national or global level. Carrier's emergency and incident response procedures provide frameworks for effective emergency management and recovery. At the facility or business segment level, emergency preparedness and response are managed by Carrier's EH&S team and facility or site-security leaders.

Responsible Supply Chains

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 customer needs. Our suppliers include small to medium enterprises and multinational corporations that provide materials, components, services and logistics support.

In addition to upholding our expectations for quality, ethics and safety as communicated in our Supplier Code of Conduct, Supplier Quality Manual and Standard Terms and Conditions, we have embedded sustainability and human rights principles into how we procure and work with our supply chain.

Engaging Our Supply Chain

GRI 308-1, 308-2, 414-1, 414-2

To achieve our 2030 ESG goal to establish a responsible supply chain program and assess key factory suppliers against program criteria, we follow a four-pillar strategy:

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.

As part of the Carrier Quality Systems Audit, new suppliers are screened against sustainability-related metrics to understand the environmental and health and safety management systems and processes they have in place to manage risk and track compliance. The screening questionnaire also focuses on recycling efforts and commodity management.

Carrier uses 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 continue to progress toward our goal to annually assess 80% of Carrier's product spend against sustainability criteria through our supplier sustainability program. In 2022, we assessed 59%. To incentivize performance, we require Carrier Preferred Suppliers to maintain a minimum score of 45 on the EcoVadis assessment.

To help ensure supplier alignment to our ESG expectations and Supplier Code of Conduct, we:

- Provide ongoing ESG training to our commodity managers to drive program awareness and compliance.
- Hold annual global and regional supplier conferences to communicate our ESG expectations.
- Host ESG-focused webinars with EcoVadis in local languages for suppliers.
- Conduct risk mapping exercises to identify and prioritize key suppliers and regions to engage on key sustainability topics.

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 as follows:

- ≥98% on-time delivery for the last 12 months.
- Driving toward zero defects.
- Maintaining an EcoVadis sustainability score ≥45.

Supplier Diversity

Relationships with high-quality, diverse suppliers are key to our success. We establish relationships with qualified suppliers in more than a dozen diverse categories, creating value for our company and our communities. In 2022, we purchased $312 million of products and services from first- and second-tier small and diverse-owned businesses in the United States.

Diverse Spend

Year	Spend
2020	$201 million
2021	$308 million
2022	$312 million
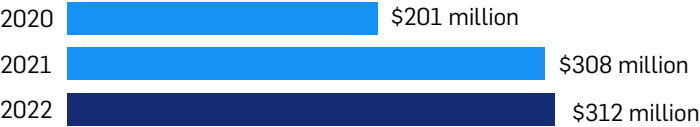
Conflict Minerals

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, 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 is in our corporate filings.

People

At Carrier, our diverse ideas and perspectives are our greatest source of innovation. We work as one global team with *The Carrier Way* as our foundation.

Culture & Engagement

GRI 2-7, 2-29, 3-3, 401-1, 405-1

Global Workforce

As an employer of choice, Carrier attracts, develops and retains world-class talent, and fosters an inclusive and diverse culture. We advance our workplace culture 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.

2022 Global Workforce

Region		Gender	
Americas	43%	Female	29%
EMEA	27%	Male	71%
Asia Pacific	30%		

2022 Global Voluntary Turnover[1]

Region		Gender	
Americas	20.8%	Female	18.6 %
EMEA	9.4%	Male	14.4 %
Asia Pacific	14.3%		
Total	**15.6%**	**Total**	**15.6%**

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

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 reinforce *The Carrier Way* across our company through ongoing communication and education on the behaviors that are critical to our success, such as having a passion for customers.

Leading People The Carrier Way

We introduced *Leading People The Carrier Way* – our new talent philosophy anchored in one of *The Carrier Way's* key tenets – Build Best Teams. It was developed with input from leaders across the company to support employee development and set clear expectations for our leaders. *Leading People The Carrier Way* is made up of two key parts – our Talent Philosophy and our Leader Success Model.

Our Talent Philosophy includes five key principles: valuing behaviors while achieving results, supporting a culture of development, providing transparent and real-time feedback, setting goals and measuring performance, and differentiating our investments in our team members based on their overall contributions.

Our Leader Success Model sets expectations for how people leaders lead others by taking an "outside in" perspective, by defining the future boldly, generating energy and owning outcomes.

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.

Achieve Results
We perform, with integrity.

Play to Win
We strive to be #1 in everything we do.

Dare to Disrupt
We innovate and pursue sustainable solutions.

Choose Speed
We focus and move with a bias for action.

Build Best Teams
We develop diverse teams, and empower to move faster.

LEADING PEOPLE THE CARRIER WAY

OUR TALENT PHILOSOPHY
Our **guiding principles** for how People Leaders develop talent and Build Best Teams.

We value BEHAVIORS while achieving results.
We use the "what" and the "how" to assess performance and potential. We role model *The Carrier Way* behaviors and hold each other accountable to do the same.

We DEVELOP and help our people grow.
We support a culture of growth, valuing experiences and cross-company movement to accelerate development. Employees own their development, with support from their leader.

We are TRANSPARENT and give real-time feedback.
We discuss performance and potential, so all employees can grow and succeed. Leaders and employees give and receive two-way feedback candidly and constructively.

We PERFORM by setting stretch goals and holding individuals and teams accountable.
We coach for higher performance, raising the bar every year, and take timely action.

We DIFFERENTIATE based on contributions.
We recognize and reward both high performance and high potential through differentiated investment, development, compensation and career progression.

OUR LEADER SUCCESS MODEL
Our **expectations** for how People Leaders lead others.

Think "Outside In"
Seek market-leading solutions. One Carrier always. Know and amaze your customers.

Define the Future Boldly
Think big, take risks, inspire ideas. Make change comfortable. Try, learn, celebrate.

Generate Energy
Connect people to purpose, empower. Lead inclusively, ignite optimism. Choose mission over self.

Own Outcomes
Simplify, prioritize and focus. Anticipate, adjust, clear the path. Make it happen, together.

Employee Engagement

We listen to our employees, review their feedback and take action to drive performance improvement and increase the impact of our programs. We conduct our *Pulse* global engagement survey three times a year in local languages. *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 leaders have access to the results for their teams, and are empowered to share and collaborate with their employees to identify areas of improvement. Carrier equips people leaders with tools and resources to take meaningful action.

Going forward, Engagement and Inclusion Score questions will be asked on every *Pulse* survey, as they give important insights and trends across surveys.

Engagement Score

In *Pulse* surveys for 2022, the average of our results showed that:

- Engagement Score, in response to the question, "How happy are you working at the company," was 76, two points above benchmark.[1]

- 75% of our employees participated in the *Pulse* survey, up from 64% the previous year.
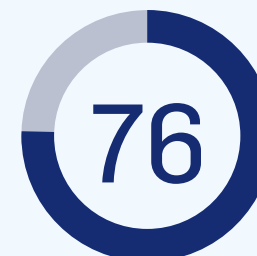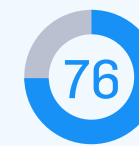
76 Carrier

74 Benchmark

Gender

77 Female   **76** Male

U.S. People of Color
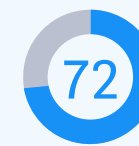
72 Overall

Employee Category

74 Non-Production/ Salaried   **79** Production/ Hourly

Inclusion Score

Since 2021, one of our three annual *Pulse* surveys is dedicated to Inclusion, Diversity & Belonging and measures progress with an Inclusion Score. It is based on the question, "I feel a sense of belonging at the company."

2022 results showed that:

- Inclusion Score was 74, continuing to exceed the global corporate benchmark[1] of 70 and up from our score of 73 in 2021.

74 Carrier

70 Benchmark

Gender

74 Female   **75** Male

U.S. People of Color
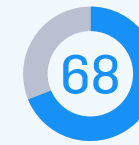
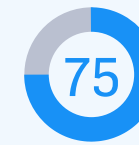**68** Overall

Employee Category
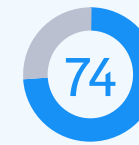
74 Non-Production/ Salaried   **75** Production/ Hourly

[1] This benchmark is provided by Carrier's third-party engagement survey provider, with the data representing over 900 companies from around the world.

Inclusion & Diversity

GRI 3-3, 405-1

_belong™

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. There is zero tolerance for any form of discrimination against any of our employees, and we provide employees with access to Carrier's Speak Up program to anonymously report incidents of any type of racism or discrimination.

ally

To build upon our _belong philosophy, we introduced ally, laying out key principles that outline our expectation for employees to contribute to our inclusive culture by striving to be an ally to all.

advocate
for others in the face of bias and intervene when noninclusive behaviors occur.

listen
with empathy to understand different perspectives and ensure others feel seen and heard.

learn
and build self-awareness about bias and acknowledge individual experiences as compared with our own.

yield
the floor, speaking less and listening more, enabling belonging and knowing that allyship starts with you.

Reduce the Gap

GRI 405-1

We reduce the gap by recruiting inclusively; building partnerships with colleges, universities and professional organizations; and hiring and promoting the most talented employees. We build an intentional connection between our talent practices and inclusion and diversity (I&D). While our efforts to build an inclusive and diverse workforce have yielded results, we acknowledge that it is a journey and we have more work to do.

2022 Status

Global executive diversity[1]

2015	**27%**
2022	**49%**

U.S. People of Color executives

2015	**13%**
2022	**31%**

Global women executives[2]

2015	**20%**
2022	**30%**

U.S. People of Color professionals

2015	**18%**
2022	**26%**

View EEO-1 Report ▶
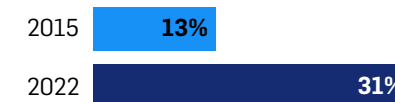
Four-Tenet Inclusion & Diversity Strategy

Our _belong I&D philosophy and our four-tenet strategy – Reduce the Gap, Develop & Sponsor, Drive Inclusion and Lean Forward – continue to provide our people leaders and employees with the guiding principles for how we become a more globally inclusive and diverse company.

Reduce the Gap

Recruit inclusively, including from the communities in which we live and work

Develop & Sponsor

Foster a sense of belonging by developing, mentoring and sponsoring employees

Drive Inclusion

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

Lean Forward

Celebrate our differences

[1] Global women and U.S. People of Color.

[2] Does not include Toshiba Carrier Corp.

Partnerships

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

Carrier and Spelman College created programs to help students develop skills for the future. The multiyear commitments involve creating two flagship programs – The Carrier Ambassadors Program, a leadership and development program for Spelman students in their sophomore and junior years, and the Carrier Elevate(S) program, a leadership, development and mentoring program for students in their senior year. The programs are designed to support and encourage students seeking careers in engineering, sales, operations, digital and finance.

Our partnership with North Carolina Agricultural and Technical State University helps 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.

Carrier also hosted students from HBCUs for three days of immersive learning at our world headquarters. Focus areas included our business, values, culture, inclusion and diversity, leadership programs and career opportunities.

Affiliations

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

Develop & Sponsor

Development and sponsorship are critical to our journey. A key part of our I&D philosophy is the focused development of our affinity employee groups.

ELEVATE Development Platform

ELEVATE

Carrier's ELEVATE development platform focuses on the unique challenges faced by traditionally underrepresented groups in the workplace. Carrier's ELEVATE: Women in Leadership and ELEVATE: Blacks in Leadership programs provide a platform for employees to gain insights about their greatest strengths and opportunities while shaping their career trajectory. Cohorts engage with internal and external professionals in multiple development experiences ranging from self-assessments to networking, learning sessions and more. Sponsoring managers participate in key learning topics to enhance understanding and provide support for their employee's journey.

ELEVATE
WOMEN IN LEADERSHIP

Since inception in 2019: 160+ graduates across 18 countries

ELEVATE
BLACKS IN LEADERSHIP

Since inception in 2020: ~40 graduates

Employee Resource Groups

Our global Employee Resource Groups (ERGs) reflect the diversity of Carrier's workforce and help develop our affinity groups and are open to membership for all Carrier employees. The ERGs have five strategic working areas: education and awareness, professional networking, community outreach, business partnering and strategy execution. They operate with a formal leadership structure, including a steering committee, senior leadership sponsorship and a defined mission statement that aligns with Carrier's business strategy.

Employee Resource Groups lead grassroots efforts to drive a culture of inclusion and celebrate the diversity of our global workforce.

Women Empowerment at Carrier hosted events around the world, such as this one in China, to celebrate International Women's Day.

ASIANS_belong

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

Hosted a series of seminars on cultural awareness, business strategy, problem-solving and mental health.

BLACKS_belong

Carrier Black Alliance
Fosters programs to attract, retain, inspire and support Black and African American employees.

Filled backpacks with school supplies and distributed them to youth in collaboration with local agencies.

HISPANICS_belong

Carrier Hispanics & Latinos Employee Engagement Resource group
Promotes attraction, connection, development and leadership of Hispanic and Latinx employees.

Raised money to fund scholarships awarded to Hispanic students.

LGBTQIA+_belong

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

Held educational sessions across the globe on sexual diversity, gender identity and being an effective ally.

MILITARY & VETERANS_belong

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

Hosted an event featuring Carrier employees who shared impactful stories about their military service, sacrifice and perseverance in recognition of Veterans Day.

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.

Held global events to discuss career advancement, raise awareness against bias and take action for equality.

Drive Inclusion

The key to inclusion is to listen and learn, and to educate leaders and employees across the organization. Through Employee Resource Groups, fireside chats, listening sessions and training, we drive a culture of inclusion throughout the company. We empower people leaders with the tools and resources they need to lead diverse teams. Our new Inclusive Leadership Toolkit includes best practices in inclusive leadership behaviors, a self-assessment tool and recommended learning modules.

As a part of our broader I&D philosophy, we provided employees and people leaders with resources to develop their awareness and understanding through new learning content in the Carrier Learning Portal. We focused on allyship and inclusion as core themes and offered online learning in 30 languages.

Inclusion & Diversity Champions

Carrier's I&D Champions Program features 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.

In 2022, 96% of our non-production employees completed online learning about inclusion and diversity.

HUMAN RIGHTS CAMPAIGN FOUNDATION
BEST PLACES TO WORK
2022 | **for LGBTQ+ Equality**
100% CORPORATE EQUALITY INDEX™

For the second consecutive year, Carrier was named a Best Place to Work for LGBTQ+ Equality by the Human Rights Campaign Foundation in the United States and for the first time in Mexico by Equidad Mexico. In the United States, the perfect score of 100 points on the Corporate Equality Index demonstrates our commitment to inclusion.

Lean Forward

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

We foster a culture that drives *The Carrier Way* values of respect, integrity, inclusion, innovation and excellence in line with our _belong philosophy. We stand against discrimination and inequality in any form. The Carrier Board of Directors is engaged in I&D matters with the Governance Committee reviewing and overseeing our efforts.

In the United States, Martin Luther King Jr. Day is a recognized holiday for employees. Additionally, Carrier celebrates Juneteenth in the United States with a series of events discussing the intersection of the Black experience in corporate America, reflecting on history and culture, and celebrating community. In partnership with our ERGs, Carrier embraces and commemorates Asian Pacific American Heritage Month, Black History Month, Diwali, Hispanic Heritage Month, Lunar New Year, Pride Month, Veterans Day, Women's History Month and more.

CEO ACT!ON FOR DIVERSITY & INCLUSION   **PARADIGM FOR PARITY**®

Carrier partners with leading organizations to advance inclusion and diversity. We maintain our ongoing commitment to the CEO Action for Diversity & Inclusion pledge, the largest CEO-driven business commitment to advance inclusion and diversity in the workplace. As part of our commitment, we expanded Carrier's "Days of Understanding," bringing in more global voices and diverse perspectives.

We are also a 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.

Development & Career Growth

GRI 404-1, 404-2

Employee development and continuous learning programs are a priority for Carrier. We invest in our people so their careers can progress, and we can grow together. Our development programs help position Carrier as an employer of choice while accelerating innovation for customers.

Early Career Programs

Carrier offers extensive opportunities for college students and recent undergraduate and graduate students.

- **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.

- **Leadership Rotational Program:** Recent graduates build skills through 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.

- **University Engagement:** Through our on-campus recruiting program and strategic university partnership engagement, we focus on attracting the best talent and providing rewarding career opportunities.

In 2022, we welcomed:

90+
early career hires for our leadership programs

~600+
interns around the world

Capability & Skills Development

GRI 404-2

Learning and development are core to Carrier's culture. We provide employees with the knowledge, experience and perspective they need to achieve ever-higher levels of performance in their careers.

Our learning methodologies involve sharing best practices, building business networks, coaching and tapping into knowledge across the company. 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. We increased our online learning and certification offerings, now offering full- and part-time employees access to over 50,000 online courses in multiple languages.

In 2022, our non-production employees averaged approximately 12 hours of formal training, including ethics and compliance, management and professional development courses to align our teams to *The Carrier Way.*

Carrier Employee Scholar Program

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

~$170M
INVESTED since inception in 1996

50+
COUNTRIES with employee participation since inception

8,600+
DEGREES EARNED since inception

400+
CURRENT PARTICIPANTS

Leadership Development Programs

In 2022, participation nearly tripled in our New People Manager Program compared with the previous year, helping participants to lead with *The Carrier Way* values and behaviors.

In addition, our mentorship program 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.

Global Talent Possible Programs

TALENTPOSSIBLE
Discover. Develop. Engage.

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. 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.

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.

Discover YOUR POSSIBLE

Connect YOUR POSSIBLE

Lead YOUR POSSIBLE

300+ Carrier employees graduated from one of our Talent Possible cohorts in 2022.

Performance Management & Development Reviews

GRI 404-3

PERFORMANCE CONNECTIONS

We enhanced Performance Connections, our performance management and development program, to foster authentic, two-way conversations on employee well-being and overall engagement. The program sets the stage for employees to perform at their best, while developing their careers at Carrier. We establish goals and targets, followed by a mid-year check-in. At year-end, we reflect on performance against goals and get ready for the year to come. The program focuses on substance over form, with a greater emphasis on candid discussions between supervisors and employees regarding goals, feedback and development.

In the most recent cycle, of eligible[1] employees:

~90%

participated in year-end conversations and aligned their performance goals to company goals

Succession Planning & Talent Reviews

Carrier conducts annual Leadership Development Reviews, where senior leaders across the globe review and discuss talent and succession plans for key positions, allowing us to see where we have a strong talent bench and where we can improve. This process, culminating in an annual review with the Board of Directors, also allows us to identify future leaders, discuss strengths and opportunities, highlight emerging diverse talent and focus on development.

Employee Well-Being

GRI 401-2

We are strengthening our approach to well-being by fostering dialogue between employees and their managers and measuring well-being in *Pulse* engagement surveys.

Flexible Work

Carrier's global flexible work philosophy is rooted in four key tenets.

Flexibility Matters	**Place Matters**
Work and life are dynamic, and flex work should be, too.	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	**Outcomes Matter**
We recognize that work is a team sport, and we win and grow together.	We understand our goals, and we achieve results with accountability.

worX

Aligned with these tenets and *The Carrier Way*, worX provides employees with remote work flexibility, balancing the needs of employees, the business and customers. Our informal approach to flexibility is trust-based, not rules-based, and designed to be informal while promoting alignment with our cultural objectives.[2]

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

[1] Active salaried employees excluding production maintenance or where governed by collective bargaining obligations.

[2] For those employees whose roles and responsibilities allow for remote work. May be subject to location regulation or bargaining/consultation requirement.

Health & Wellness

Carrier offers competitive benefits programs for all 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 offering 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 2022, we launched our Employee Assistance Program benefits globally at no cost to employees and their household family members. The program provides access to resources and confidential support on work-life balance, family, mental health and more.

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. Our group health plan's telemedicine program makes care accessible to plan participants 24/7, wherever they may be.

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
- Adoption/surrogacy assistance
- Parental leave
- Medical and family leave of absence
- Bereavement leave
- Short- and long-term disability insurance

To learn more about Carrier's benefits, refer to our corporate website.

Communities

Carrier makes a positive impact on communities through philanthropic giving, volunteerism and partnerships.

Corporate Responsibility

GRI 203-1, 203-2

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:

Planet

People

Communities

In 2022, we supported civic, cultural, economic and social welfare organizations around the world. We invested over $9.7 million in communities through cash and in-kind donations,[1] and through the Carrier Matching Gifts Program, a dollar-for-dollar charitable donation program.

Planet

U.N. World Food Programme

Carrier collaborates internationally to advance cold chain development, improve health outcomes, and reduce hunger, food insecurity and carbon emissions. We teamed up with other leading companies and the United Nations World Food Programme to build a world-class Transport Training Centre in Ghana, aimed at enhancing transport and logistics capacities across West Africa to help preserve, protect and extend the supply of medicines and vaccines.

United for Air

In India, we expanded United for Air, our air-quality-improvement initiative, by installing additional air monitors and LED display boards that provide the public with real-time air quality information about pollution levels. Data is also available through a mobile app. The campaign provides tips on reducing pollution and organizes hands-on activities to educate and engage communities on actions they can take for cleaner outdoor air.

The Nature Conservancy

Through a three-year commitment with The Nature Conservancy, Carrier helped make the cities of tomorrow more resilient, healthy and equitable. We supported projects that helped address climate change and restored natural habitats around the globe.

- In China, The Nature Conservancy launched habitat garden classes in collaboration with two leading universities as part of an eco-design curriculum. Carrier employees also visited Qiandao Lake to release fish that help reduce algae and improve drinking water.

- In Monterrey, Mexico, through Carrier's support, 175 hectares were conserved and reforested near the main source of water for the city of Monterrey and its metropolitan area, resulting in more than 8,000 tons of avoided soil erosion.

- In the United States, to promote coastal resilience and conservation, Carrier employees planted 1,000 mangroves. Employee volunteers also removed invasive plants from a preserve to help protect biodiversity.

- With Carrier's support, students around the world participated in virtual field trips to discover the natural world through Nature Lab, The Nature Conservancy's online curriculum program for teachers and families.

[1] In-kind donations are calculated using fair market value.

People

Building Talent Foundation

Carrier is creating a pipeline of future HVAC technicians through a collaboration with the Building Talent Foundation. The programs promote careers in the trades to youth and underrepresented populations, align training with industry needs and persistent labor shortages, and build engagement through career advancement opportunities. With Carrier's support, the Building Talent Foundation placed more than 500 people into HVAC-related jobs over two years.

Historically Black Colleges and Universities (HBCUs)

We partner with HBCUs, including North Carolina Agricultural and Technical State University and Spelman College, to help students gain valuable skills and prepare them for future careers through development, mentorship and immersive learning at our world headquarters.

Rochester Institute of Technology

With Carrier's support, Women in Computing and the Computing Organization for Multicultural Students at Rochester Institute of Technology hosted several events to encourage students from underrepresented populations to pursue careers in science, technology, engineering and math (STEM)-related fields. Carrier employees participated in mock interviews, contributed to alumni panel discussions, provided resume assistance, mentored students on software engineering senior projects, and volunteered at an all-day hackathon for girls interested in learning about web development, programming and building apps.

$3.2M+ contributed to colleges and universities in support of research, scholarships and programs that promote STEM-related careers and inclusion and diversity

For Inspiration and Recognition Science and Technology (FIRST)

Carrier employees from across the United States led *FIRST* teams, serving as mentors to students. *FIRST* is a global nonprofit that provides mentor-based research and robotics programs to encourage students ages 4 to 18 to develop a passion for and pursue careers in a STEM-related field.

Boys & Girls Clubs

We piloted the Carrier STEMulated Minds program with a chapter of the Boys & Girls Clubs to enhance STEM skills among middle and high school club members and help them discover STEM careers. Our engineers served as volunteer judges for a drone operation competition at Carrier's Center for Intelligent Buildings, a STEM project competition and an online video game development competition.

Communities

Cause For Alarm

Kidde created the Cause For Alarm fire education and safety initiative to support communities that are at higher risk of death or injury in residential fires due to different factors such as age, disability and socioeconomic circumstances. In addition to raising awareness and providing educational resources on home safety, Kidde teamed up with other organizations to donate fire safety products to communities in need.

Habitat for Humanity

Carrier supported home builds across six U.S. cities as a signature partner of Habitat for Humanity's Home is the Key campaign to create safe and affordable housing. We also supported additional home builds across the country. Our involvement includes volunteer efforts, financial support and product donations from our Healthy Homes suite of indoor air quality and fire safety solutions. As part of these efforts, we proudly celebrated our 25th consecutive annual home build in Indianapolis.

School Adoption Program

Through a school adoption program in India, Carrier helps improve indoor environments so that students from impoverished communities have access to a safe environment for their education. The program focuses on infrastructure, academics and holistic development.

Supporting Ukraine

Our employees contributed funds to worldwide nonprofit organizations to support the Ukrainian people, and contributions were matched dollar for dollar by Carrier. In addition, employees participated in humanitarian efforts. Carrier also provided job opportunities to refugees who fled their homes and country, and donated fire extinguishers to people in Ukraine.

2022 Community Impact

$1.3M+
INVESTED IN COMMUNITIES through the Carrier Matching Gifts Program, doubling employee donations

1,100+
ORGANIZATIONS SUPPORTED through the Carrier Matching Gifts Program

$1.4M+
in PRODUCT DONATED FOR CHARITABLE PURPOSES[1]

360+
STUDENTS MENTORED by Carrier employees leading *FIRST* Robotics Competition and Tech Challenge teams

320+
CARRIER EMPLOYEES assisted in Habitat for Humanity home builds across six U.S. cities

25th
CONSECUTIVE ANNUAL HOME BUILD in Indianapolis

7,500+
EMPLOYEE VOLUNTEER HOURS logged in the United States in year one of our BUILDING POSSIBLE Volunteer Program

[1] In-kind donations are calculated using fair market value.

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

GRI 2-9, 2-11, 405-1

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 2022, our nine-member Board of Directors included eight 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.

44%
Board of Director diversity[1,2]

40%
Board leadership diversity[1,2]

89%
Board of Director independence[2]

ESG Governance & Oversight

GRI 2-9, 2-12, 2-13, 2-19

Our approach to ESG and sustainability governance is embedded into our culture, including at the highest levels and across all business segments and functions. We amended our Corporate Governance Principles and the charters of each of our committees to further refine the Board's oversight of ESG. The amendments elevated primary responsibility to the full Board for Carrier's ESG program, goals and objectives, including climate-related matters, and delegated certain elements to our committees to leverage their respective areas of expertise. This approach reflects our belief that sustainability and Carrier's growth strategy are inseparable and underscores our commitment to our stakeholders and the stewardship of our planet. Carrier's Proxy Statement provides a comprehensive overview of Carrier's Board oversight. The Carrier Executive Leadership Team is responsible for our ESG priorities and 2030 ESG goals strategic road map. Select Carrier executives have priorities tied to critical ESG topics such as sustainability, safety, culture, engagement, and inclusion and diversity. Progress toward these goals is considered when determining their annual Individual Performance Factors.

Sound Corporate Governance

Carrier is committed to strong corporate governance practices. Our governance framework enables our independent, experienced and accomplished directors to provide advice, insight and oversight that promotes the long-term interests of the company, our shareowners and other stakeholders.

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

Independence
- All Board committee members are independent directors
- Robust Lead Independent Director role with explicit responsibilities
- Regular meetings of independent directors without management led by Lead Independent Director

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
- 100% attendance at Board meetings in 2022
- 100% attendance at committee meetings in 2022

[1] Global women and U.S. People of Color.

[2] As of 4/20/2023.

Risk Management

GRI 3-3

Carrier encounters an extensive range of risks, including compliance, financial, geopolitical, legal, operational, regulatory, reputational and strategic. Within these broad categories, specific risks include climate impacts; cybersecurity; the competitive landscape (including disruptive technologies); human capital management (including talent acquisition, development and retention); logistics and supply chain; and the impact of disruptive events (including natural disasters and pandemics).

To manage these and other risks, we have implemented an enterprise risk management program, which is a companywide effort that is managed by senior executives and overseen by the Audit Committee and Board to identify, assess, manage, report and monitor enterprise risks that may affect our ability to achieve the company's objectives and strategy.

As part of the ERM program, ownership of enterprise risk is assigned to the appropriate business segment or corporate function that is responsible for developing and implementing comprehensive mitigation plans. The Board reviews these risks and mitigation plans on an annual basis in conjunction with Carrier's strategic plan. Mitigation plans are reviewed for effectiveness and include a broad range of measures to manage and reduce risk, including

adjustments to strategic and business initiatives, research and development, product design, increased protections for our facilities and supply chain, and enhanced internal controls, including employee and contractor training. For example, in addition to regular online training and simulated phishing emails provided to employees and contractors each year, Carrier's cybersecurity team conducted an extensive tabletop exercise in 2022 with Carrier's CEO and senior executives that simulated an enterprisewide ransomware attack. The exercise focused on identifying and closing potential gaps and areas of delay in our internal controls and response procedures.

The Board and committees also review enterprise risks with senior management on an ongoing basis throughout the year. Each committee has primary risk oversight responsibility in the areas that align with its focus and charter responsibilities as described in the table at right. At each regular meeting, or more frequently as needed, the Board receives and considers committee reports that provide additional detail on risk management issues and management's response to them. For example, cybersecurity risk is an enterprise risk that the Audit Committee and the Board oversee and review through regular committee reports and updates, including two such briefings in 2022.

The Board's Role in Risk Management

GRI 2-9, 3-3

The full Board is responsible for Carrier's strategic risks, while the Audit Committee oversees the company's ERM policies and practices. Responsibility for the oversight of specific risk categories is allocated among the Board and its committees as follows:

Full Board of Directors
• Major strategies and business objectives, including Carrier's ESG program and related goals • Significant risks and risk management activities pursuant to Carrier's ERM program • Succession planning

Audit Committee	Compensation Committee	Governance Committee	Technology & Innovation Committee
• ERM policies and practices • Capital structure and significant capital appropriations • Compliance program • Cybersecurity risks • Financial reporting and related internal controls, including climate- and cybersecurity-related disclosures • Foreign exchange, interest rates and raw material hedging • Significant operational risks	• Compensation and benefit policies • Compensation of select senior leaders • Compensation plan design and compensation-related risk • Employee engagement and Inclusion & Diversity • Incentive plan performance metrics and goals, including those related to implementation of Carrier's ESG program • Pay equity	• Charitable and philanthropic giving • Conflicts of interest • Corporate governance • Director independence • Environmental, health and safety • Government relations, including Carrier PAC and political expenditures • Positions on public issues • Product safety and integrity	• Developments and trends in technology and digital, including sustainability • Disruption risk by technology and digital developments • Effectiveness of Carrier's technology and digital strategy and innovation programs

Ethics & Compliance

GRI 2-16, 2-25, 205-1 | SASB RT-EE-510a.1

The first Carrier Corporate Ethics policy was created in 1932 by our founder, Willis Carrier. Almost a century later, the same ideals remain embedded in our culture.

At Carrier, we expect high performance and high integrity from our employees and everyone with whom we conduct 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 maintain sound governance standards as reflected in our Corporate Governance Principles, Code of Ethics, Corporate Policy Manual, strong internal controls, transparent financial reporting and a systematic approach to enterprise risk management.
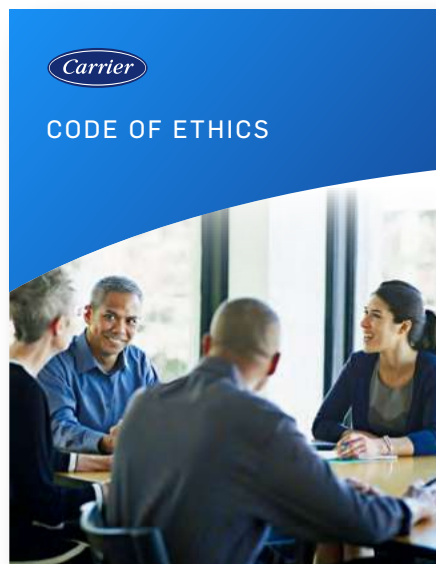
We updated the Carrier Code of Ethics in 2022.

Global Ethics & Compliance Program

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. The 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

All Carrier employees are required to participate in annual tailored ethics and compliance training reflecting the results of regular compliance risk assessments. Most employees receive their training through our online 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.

Reporting and Transparency

Carrier is committed to a safe reporting environment that is free of discrimination, fear, bullying or other negative consequences. Carrier has zero tolerance for retaliation in any form. When employees, contractors and partners observe or suspect something that contradicts Carrier's Code of Ethics, Carrier policies or the Supplier Code of Conduct, we encourage them to speak up. We provide employees and our business partners access to Carrier's Speak Up program, including the option to anonymously report ethical concerns online or by phone.

Continuous Improvement

We audit our operations on a regular basis to ensure compliance and continuous improvement. All reports of violations are investigated thoroughly, fairly and impartially with the objective of identifying actions for continuous improvement.

Human Rights

GRI 2-23

Respect for human rights is foundational to Carrier's values and *The Carrier Way*. We take robust and thorough measures to protect our employees. We also promote positive change by encouraging our business partners and communities to respect human rights as well. In compliance with our Human Rights Policy, we ensure safe, healthy and sustainable working conditions; require a respectful, harassment-free workplace; prohibit discrimination; deliver employee compensation and benefits to attract and retain strong talent; recognize freedom of association and collective bargaining under applicable laws; prohibit child or forced labor and ensure our business partners share this commitment; respect data privacy; and promote responsible sourcing practices for our suppliers.

Anti-Corruption

GRI 205-1

Carrier conducts business solely on the merits. We will not improperly influence anyone to obtain or retain business or secure any other advantage, nor allow anyone to do so for our benefit, in any market – public or private – anywhere. In standing by our principles and complying with our Code of Ethics and company policies, we fight corruption and support the global development of fair markets. Our success relies on abiding by our core values – regardless of what might be seen as customary or acceptable in a given market.

Fair Competition

GRI 206-1

Competition fosters better products and services, driving Carrier to be more efficient and more innovative. We compete vigorously and legally, not only because it is good for our business, but because it is the right thing to do. Every employee is responsible to ensure Carrier complies with all applicable competition laws.

Cybersecurity

Our Cybersecurity team leads a forward-looking program to protect Carrier from constantly evolving 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 industry practices.

Our security team remains vigilant and continually improves cyber capabilities throughout our organization, following U.S. Securities and Exchange Commission guidance on cybersecurity. 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 and 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 are all intended to address cyber risks and threats.

The Audit Committee of Carrier's Board of Directors reviews Carrier's privacy and cybersecurity compliance programs and full Board reviews are held as needed.

Data Privacy

Carrier values and respects the privacy of the people from whom it collects, processes or transfers personal data. We take appropriate steps to safeguard personal data under our control from unauthorized access, misuse, impermissible disclosure, alteration or unauthorized destruction. Carrier discloses personal data only to employees and third parties having a legitimate business need to know, as permitted by applicable law, and under appropriate legal and contractual restrictions.

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

Our approach involves:

- Complying with all 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.
- Completing Privacy by Design assessments to consider privacy aspects as an integral part of designing new products.
- 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.
- Internal Audit frequently auditing potential data privacy risks.

Government Relations & Public Policy Activities

GRI 2-26

Carrier engages in political activity and public policy advocacy on issues that impact the company's business – whether at the local, state or national level or with international governmental organizations.

The Board believes that participating in the legislative and regulatory process is an important part of responsible corporate citizenship and that Carrier and our employees have a legitimate interest in public policy debates. The Governance Committee and Board review and monitor the company's government relations activities, including those of the Carrier political action committee (PAC). These activities are governed by and conducted in accordance with the standards articulated in our Code of Ethics and corporate policy on Government Relations.

Carrier's government relations initiatives are intended to educate and inform officials and the public on a broad range of public policy issues that are important to our business and consistent with the best interests of the company, our shareowners and our other stakeholders. These initiatives are not based on the personal agendas of individual shareowners or Carrier's directors, officers or employees.

The company does not make political contributions to candidates for U.S. federal office and, as a matter of policy, does not contribute to candidates for state or local office in the United States or for offices in other countries. The Carrier PAC, which is entirely funded by voluntary contributions, is nonpartisan and contributes to candidates for federal office who are supportive of Carrier's corporate business interests and public policy goals, regardless of political party.

Corporate Policy Manual

GRI 2-23, 2-24, 3-3

Our Corporate Policy Manual is publicly available, covering topics including:

- Anti-Corruption
- Anti-Money Laundering
- 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
- Investor Relations & Complying with Securities & Exchange Laws
- Philanthropic Donations
- Product Cybersecurity
- Product Integrity
- Records Retention & Corporate Governance Data
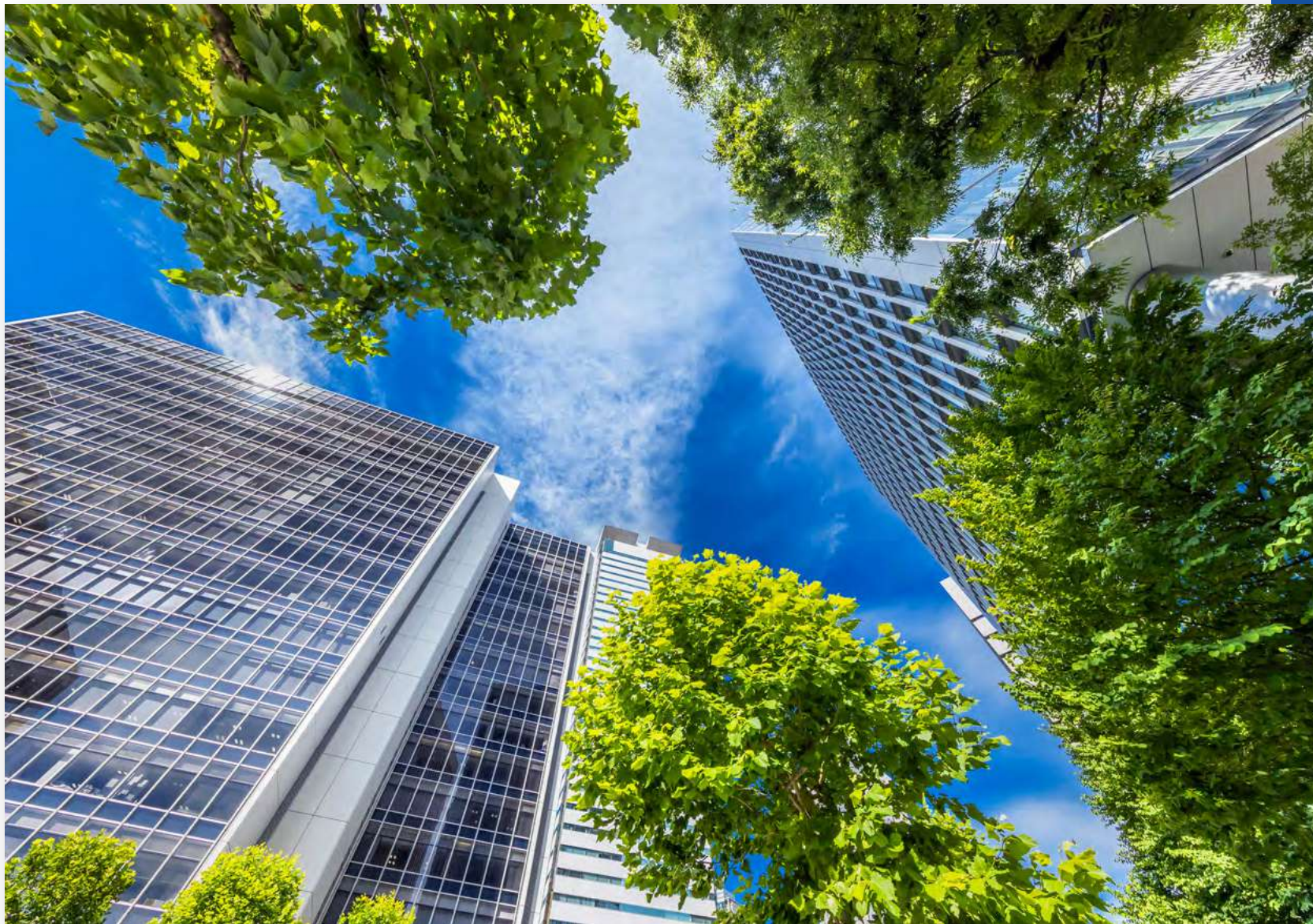
ESG Indices

ESG Focus Areas

GRI 3-1, 3-2, 3-3

Carrier takes a transparent and data-driven approach to identifying what is important to our business, stakeholders and the environment. It informs our products, operations, investments and long-term vision to be the global leader in intelligent climate and energy solutions.

Carrier's first ESG prioritization assessment was finalized in 2020 using a third-party sustainability consultancy. It involved conducting and analyzing interviews, surveys and other sources to prioritize and validate ESG topics significant to Carrier.

The topics to the right were prioritized based on the relative importance to the company and external stakeholders. Carrier recognizes the ESG and sustainability disclosure landscape is rapidly evolving, and we will continue to reassess these reporting topics.

Economic

- Ethics and compliance
- Corporate governance
- Tax transparency

Environmental

- Climate change
- Environmental responsibility

Products

- Innovation and efficiency
- Product safety and quality
- Cybersecurity and data privacy

Social & Workforce

- Stakeholder engagement
- Talent attraction and retention
- Occupational health and safety
- Inclusion and diversity
- Human and labor rights
- Community engagement and investment

Stakeholder Engagement

GRI 2-25, 2-29, 413-1

Carrier advances the long-term interests of our company and our shareowners by responsibly addressing the concerns of other stakeholders, including our employees, customers, suppliers and communities. We engage with stakeholders to drive continuous improvement in our products and operations, and to support our ESG issue-prioritization process. Apart from ongoing direct engagement, stakeholders can contact Carrier anonymously by phone or online through our Speak Up program or through various channels accessible via our corporate website.

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 civic, cultural, economic and social welfare organizations around the world, investing in communities through cash and in-kind donations, including the Carrier Matching Gifts Program, as well as volunteering our time and talent.

Memberships & Associations

GRI 2-28

Carrier maintains strategic memberships and associations while evaluating opportunities for additional contributions and leadership. Through these memberships, our leaders and employees stay at the forefront of sharing best practices and evolving trends.

We are proud to be a member of several key industry and issue-specific organizations, including:

- Air-Conditioning, Heating, and Refrigeration Institute
- The Alliance for Responsible Atmospheric Policy
- Alliance to Save Energy
- America Is All In
- American Council for an Energy-Efficient Economy
- American Society of Heating, Refrigerating and Air-Conditioning Engineers
- BuildingAction
- Business Council
- Business Roundtable
- Confederation of Indian Industry
- Cool Coalition
- The Council of Gas Detection and Environmental Monitoring
- Council on Tall Buildings and Urban Habitat
- Euralarm
- European Heat Pump Association

- European Partnership for Energy and the Environment
- Fire Industry Association
- Fire Suppression Systems Association
- Global Cold Chain Alliance
- Global Food Cold Chain Council
- International WELL Building Institute
- National Association of Manufacturers
- National Association of State Energy Officials
- National Fire Protection Association
- Product Environmental Profiles Association
- [Re]Build America's School Infrastructure Coalition
- Responsible Minerals Initiative
- Society of Fire Protection Engineers
- U.S. Green Building Council
- Urban Green Council
- World Green Building Council

ESG Data

GRI Content Index

Reporting Period: January 1, 2022, to December 31, 2022
GRI 1: Foundation 2021
The GRI Content Index references where ESG progress aligns with the United Nations Sustainable Development Goals (SDGs).

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 2: General Disclosures	**The organization and its reporting practices**			
	2-1	Organizational details	Carrier Global Corporation Form 10-K, p. 10 (Corporate Information) Carrier is headquartered in Palm Beach Gardens, Florida, U.S.A. Form 10-K, p. 4 (Business)	
	2-2	Entities included in the organization's sustainability reporting	Carrier ESG Report (About This Report)	
	2-3	Reporting period, frequency and contact point	January 1, 2022 - December 31, 2022, except where otherwise noted. Reporting is conducted annually. Form 10-K (Front Cover) July 26, 2023 Contact: corporateresponsibility@carrier.com	
	2-4	Restatements of information	Carrier ESG Report (About This Report)	
	2-5	External assurance	At this time, Carrier does not have our Environmental, Social & Governance Report externally assured.	
	Activities and workers			
	2-6	Activities, value chain and other business relationships	Form 10-K, p. 4 (Business) Form 10-K, p. 7 (Raw Materials and Supplies) Form 10-K, p. 7 (Joint Ventures and Strategic Relationships)	
	2-7	Employees	In 2022, excluding Toshiba Carrier Corp. employees, the workforce was ~47,000 (Global Workforce).	

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 2: General Disclosures		**Governance**		
	2-9	Governance structure and composition	Carrier ESG Report (ESG Governance & Oversight) Carrier ESG Report (The Board's Role in Risk Management) Carrier 2023 Proxy Statement, pp. 20-24 (Corporate Governance)	SDG 5, SDG 16
	2-10	Nomination and selection of the highest governance body	Carrier 2023 Proxy Statement, pp. 14-15 (Board Refreshment and Nomination Process)	SDG 5, SDG 16
	2-11	Chair of the highest governance body	Carrier ESG Report (Leadership) Carrier 2023 Proxy Statement, p. 12 (Director Independence) Carrier Global Corporation Director Independence Policy	
	2-12	Role of the highest governance body in overseeing the management of impacts	Carrier ESG Report (ESG Governance & Oversight) Carrier 2023 Proxy Statement, p. 21 (Enhanced Oversight of ESG)	SDG 16
	2-13	Delegation of responsibility for managing impacts	Carrier ESG Report (ESG Governance & Oversight)	
	2-14	Role of the highest governance body in sustainability reporting	Carrier ESG Report (ESG Governance & Oversight) Carrier ESG Report (The Board's Role in Risk Management)	
	2-15	Conflicts of interest	Carrier Corporate Governance Principles, pp. 4-5 (Conflicts of Interest and Related Person Transactions)	
	2-16	Communication of critical concerns	Carrier ESG Report (Ethics & Compliance – Reporting and Transparency) Carrier Proxy Statement, p. 22 (Board Responsibilities and Meetings)	SDG 16
	2-17	Collective knowledge of the highest governance body	Carrier ESG Report (ESG Governance & Oversight) Carrier Proxy Statement, pp. 15-19 (Nominees for the 2023 Annual Meeting)	
	2-18	Evaluation of the performance of the highest governance body	Carrier Corporate Governance Principles, pp. 8-9 (Evaluation of the Chief Executive Officer and/or the Chairman) Carrier 2023 Proxy Statement, p. 14 (The Board's Self-Evaluation Process)	

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 2: **General Disclosures**	2-19	Remuneration policies	Carrier 2023 Proxy Statement, pp. 23, 27-28 (Audit Committee, Compensation Committee, Compensation of Directors)	
	2-20	Process to determine remuneration	Carrier 2023 Proxy Statement, pp. 23, 27-28 (Audit Committee, Compensation Committee, Compensation of Directors)	
	2-21	Annual total compensation ratio	Carrier 2023 Proxy Statement, pp. 53-55 (CEO Pay Ratio)	
	Strategy, policies and practices			
	2-22	Statement on sustainable development strategy	Carrier ESG Report (A Message From Our Chairman & Chief Executive Officer)	
	2-23	Policy commitments	Carrier ESG Report (Corporate Policy Manual) Carrier ESG Report (Human Rights) Ownership and approval, responsibilities and coverage are included within each of the listed policy documents. Carrier Corporate Policy Manual	
	2-24	Embedding policy commitments	Carrier ESG Report (Corporate Policy Manual) Each of Carrier's Corporate Policies for responsible business conduct include their boundary, allocation of responsibilities and approvals and are integrated into organizational strategies, operational policies and procedures.	
	2-25	Processes to remediate negative impacts	Carrier ESG Report (Stakeholder Engagement) Carrier ESG Report (Ethics & Compliance) Carrier ESG Report (Health & Safety) Carrier Ethics and Compliance Carrier's Speak Up program	SDG 16

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 2: **General Disclosures**	2-26	Mechanisms for seeking advice and raising concerns	Carrier ESG Report (Stakeholder Engagement) Carrier ESG Report (Ethics & Compliance) Carrier ESG Report (Government Relations & Public Policy Activities) Carrier Ethics and Compliance Carrier's Speak Up program	
	2-27	Compliance with laws and regulations	Carrier ESG Report (Ethics & Compliance) Form 10-K, p. 8 (Compliance with the Regulation of our Business and Operations)	
	2-28	Membership associations	Carrier ESG Report (Memberships & Associations)	
	Stakeholder Engagement			
	2-29	Approach to stakeholder engagement	Carrier ESG Report (Stakeholder Engagement)	SDG 16
	2-30	Collective bargaining agreements	Form 10-K, p. 8 (Human Capital Management)	SDG 8
GRI 3: **Material Topics**	3-1	Process to determine material topics	Carrier ESG Report (ESG Focus Areas)	
	3-2	List of material topics	Carrier ESG Report (ESG Focus Areas)	
	3-3	Management of material topics	Carrier ESG Report (ESG Focus Areas) Carrier ESG Report (ESG Governance & Oversight) Carrier ESG Report (Risk Management)	
GRI 201: **Economic Performance**	201-1	Direct economic value generated and distributed	Form 10-K	SDG 8, SDG 9
	201-2	Financial implications and other risks and opportunities due to climate change	Carrier ESG Report (TCFD Disclosure)	SDG 13
	201-3	Defined benefit plan obligations and other retirement plans	Form 10-K, p. 56 (Pension and Post-retirement Obligations)	

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 203: **Indirect Economic Impacts**	203-1	Infrastructure investments and services supported	Carrier ESG Report (Communities)	SDG 5, SDG 9, SDG 11
	203-2	Significant indirect economic impacts	Carrier ESG Report (Communities)	SDG 5, SDG 8
GRI 205: **Anti-corruption**	205-1	Operations assessed for risks related to corruption	Carrier ESG Report (Ethics & Compliance) Carrier ESG Report (Anti-Corruption) Carrier Code of Ethics	SDG 16
	205-2	Communication and training about anti-corruption policies and procedures	Carrier ESG Report (Ethics & Compliance)	SDG 16
	205-3	Confirmed incidents of corruption and actions taken	Carrier strictly prohibits all forms of corruption. In 2022, we know of no incidents or legal cases associated with bribery or corruption that 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
GRI 206: **Anti-competitive Behavior**	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Form 10-K, p. 88 (Other Matters) Carrier ESG Report (Fair Competition)	SDG 16
GRI 302: **Energy**	302-1	Energy consumption within the organization	ESG Summary Data (Energy)	SDG 7, SDG 8, SDG 12, SDG 13
	302-3	Energy intensity	ESG Summary Data (Energy) Carrier ESG Report (Energy & GHG Management)	SDG 7, SDG 8, SDG 12, SDG 13
	302-4	Reduction of energy consumption	Carrier ESG Report (Energy & GHG Management)	SDG 8, SDG 12, SDG 13
	302-5	Reductions in energy requirements of products and services	Carrier ESG Report (Energy Efficiency)	SDG 7, SDG 8, SDG 12, SDG 13

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 303: **Water and Effluents**	303-1	Interactions with water as a shared resource	Carrier ESG Report (Water)	SDG 6, SDG 12
	303-2	Management of water discharge-related impacts	Carrier ESG Report (Water)	SDG 6
	303-3	Water withdrawal	ESG Summary Data (Water) Carrier ESG Report (Water)	SDG 6
	303-4	Water discharge	ESG Summary Data (Water) Carrier ESG Report (Water)	SDG 6
	303-5	Water consumption	ESG Summary Data (Water) Carrier ESG Report (Water)	SDG 6
GRI 305: **Emissions**	305-1	Direct (Scope 1) GHG emissions	ESG Summary Data (Greenhouse Gas Inventory) Carrier ESG Report (Operational Performance Highlights) Carrier ESG Report (Energy & Operational Carbon Footprint)	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
	305-2	Energy indirect (Scope 2) GHG emissions	ESG Summary Data (Greenhouse Gas Inventory) Carrier ESG Report (Operational Performance Highlights) Carrier ESG Report (Energy & Operational Carbon Footprint)	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
	305-3	Other indirect (Scope 3) GHG emissions	ESG Summary Data (Greenhouse Gas Inventory) Carrier ESG Report (Emission Sources in Carrier's Value Chain)	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
	305-4	GHG emissions intensity	ESG Summary Data (Greenhouse Gas Inventory) Carrier ESG Report (Operational Performance Highlights)	SDG 13, SDG 14, SDG 15
	305-5	Reduction of GHG emissions	Carrier ESG Report (Energy & Operational Carbon Footprint)	SDG 13, SDG 14, SDG 15

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 306: **Waste**	306-1	Waste generation and significant waste-related impacts	Carrier ESG Report (Waste)	SDG 3, SDG 6, SDG 12, SDG 14
	306-2	Management of significant waste-related impacts	Carrier ESG Report (Circular Business Models) Carrier ESG Report (Waste)	SDG 3, SDG 6, SDG 12
	306-3	Waste generated	ESG Summary Data (Waste)	SDG 3, SDG 6, SDG 12, SDG 14, SDG 15
	306-4	Waste diverted from disposal	ESG Summary Data (Waste) Carrier ESG Report (Waste)	SDG 3, SDG 12
	306-5	Waste directed to disposal	ESG Summary Data (Waste) Carrier ESG Report (Waste)	SDG 6, SDG 14, SDG 15
GRI 308: **Supplier Environmental Assessment**	308-1	New suppliers that were screened using environmental criteria	Carrier ESG Report (Engaging Our Supply Chain)	
	308-2	Negative environmental impacts in the supply chain and actions taken	Carrier ESG Report (Engaging Our Supply Chain)	
GRI 401: **Employment**	401-1	New employee hires and employee turnover	Carrier ESG Report (Global Workforce) ESG Summary Data (Employees)	SDG 5, SDG 8, SDG 10
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Carrier ESG Report (Employee Well-Being) Carrier Benefits Carrier offers market competitive total rewards – pay and benefits as well as incentive programs – for all employees, rewarding employees for successful performance against our long- and short-term financial goals. In 2022, 60% of our management and professional employees, including executives, were eligible for annual incentive plans, with key metrics and targets aligned to our financial targets.	SDG 3, SDG 5, SDG 8

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 401: **Employment**	401-3	Parental leave	Carrier Parental Leave In 2022, 206 U.S. employees took the maternity/parental leave benefit. 85% of those employees were currently active as of the end of 2022.	SDG 5, SDG 8
GRI 403: **Occupational Health and Safety**	403-1	Occupational health and safety management system	Carrier ESG Report (Health & Safety) Carrier ESG Report (Environment, Health & Safety Management)	SDG 8
	403-2	Hazard identification, risk assessment and incident investigation	Carrier ESG Report (Health & Safety)	SDG 8
	403-3	Occupational health services	Carrier ESG Report (Occupational Health)	SDG 8
	403-4	Worker participation, consultation and communication on occupational health and safety	Carrier ESG Report (Health & Safety) Health and Safety Environment, Health & Safety Policy	SDG 8
	403-5	Worker training on occupational health and safety	Carrier ESG Report (Training & Development)	SDG 8
	403-6	Promotion of worker health	Carrier ESG Report (Occupational Health)	SDG 3
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Carrier ESG Report (Occupational Health)	SDG 8
	403-8	Workers covered by an occupational health and safety management system	Carrier ESG Report (Environment, Health & Safety Management)	SDG 8
	403-9	Work-related injuries	ESG Summary Data (Employees) Carrier ESG Report (Health & Safety)	SDG 3, SDG 8, SDG 16

GRI Standard	Disclosure	Description	Location/Direct Answer	Related SDGs
GRI 404: **Training and Education**	404-1	Average hours of training per year per employee	ESG Summary Data (Employees) Carrier ESG Report (Development & Career Growth)	SDG 4, SDG 5, SDG 8, SDG 10
	404-2	Programs for upgrading employee skills and transition assistance programs	Carrier ESG Report (Development & Career Growth)	SDG 4, SDG 8
	404-3	Percentage of employees receiving regular performance and career development reviews	Carrier ESG Report (Performance Management & Development Reviews)	SDG 4, SDG 8, SDG 10
GRI 405: **Diversity and Equal Opportunity**	405-1	Diversity of governance bodies and employees	Carrier ESG Report (Reduce the Gap) Carrier 2023 Proxy Statement, p. 3 (Board Nominees) Carrier ESG Report (Global Workforce)	SDG 5, SDG 8
GRI 413: **Local Communities**	413-1	Operations with local community engagement, impact assessments, and development programs	Carrier ESG Report (Stakeholder Engagement)	
GRI 414: **Supplier Social Assessment**	414-1	New suppliers that were screened using social criteria	Carrier ESG Report (Engaging Our Supply Chain) Carrier ESG Report (Supplier Diversity)	SDG 5, SDG 8, SDG 16
	414-2	Negative social impacts in the supply chain and actions taken	Carrier ESG Report (Engaging Our Supply Chain)	SDG 5, SDG 8, SDG 16
GRI 415: **Public Policy**	415-1	Political contributions	Carrier 2023 Proxy Statement, p. 26 (Government Relations and Public Policy Activities)	SDG 16
GRI 416: **Customer Health and Safety**	416-1	Assessment of the health and safety impacts of product and service categories	Carrier ESG Report (Product Safety)	

ESG Summary Data

Greenhouse Gas Inventory

		Unit	2022	2021	2020
GRI 305-1, 305-2: Scope 1 and Scope 2 GHG emissions[1]	Direct (Scope 1) emissions (includes CO_2, CH_4, N_2O, HFC)	tCO_2e	187,559	229,973	186,812
	Indirect (Scope 2) emissions				
	Location-based	tCO_2e	178,786	187,630	196,033
	Market-based	tCO_2e	145,354	195,052	182,964
	Total Scope 1 and Scope 2 location-based	tCO_2e	366,345	417,603	382,845
	Total Scope 1 and Scope 2 market-based	tCO_2e	332,913	425,025	369,776
	Carbon offsets	tCO_2e	60,000	120,000	0
	Total Scope 1 and Scope 2 adjusted (market-based adjusted for renewable energy and carbon offsets)	tCO_2e	272,913	305,025	369,776
GRI 305-3: Scope 3 GHG emissions[2]	Indirect (Scope 3)	tCO_2e	259,897,000		
	Purchased goods and services	tCO_2e	3,851,000		
	Capital goods	tCO_2e	33,000		
	Fuel and energy-related activities	tCO_2e	47,000		
	Upstream transportation and distribution	tCO_2e	1,146,000		
	Operational waste	tCO_2e	39,000		
	Use of sold products[3]	tCO_2e	254,781,000		
Total GHG emissions[4]		tCO_2e	260,263,345		

[1] We consolidate our GHG emissions using the operational control approach. Greenhouse gas 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 research and development center operations, but is not inclusive of our entire footprint. Sites under $100,000 USD energy procurement are estimated per U.S. Commercial Buildings Energy Consumption Survey. Survey Data factors based on square footage and building type. Additionally, our GHG metrics are inclusive of vehicle emissions data compiled through our fleet reporting sites.
Source of location-based emission factors: International Energy Agency, 2021 version; Emissions & Generation Resource Integrated Database, 2022.
Source of market-based emission factors: Green-e Residual Mix Emission Rates, 2022; Association of Issuing Bodies, 2021.
Source of global warming potential (GWP) values: Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014.
134,000 MWh of renewable energy credits generated from U.S.-based projects accounted for in 2022 in Scope 2 market-based calculations.

[2] Source of Scope 3 GHG emission factors: U.S. Environmental Protection Agency Emission Factors for GHG Inventories, 2023; U.S. Environmentally Extended Input-Output Emission Factors v1.2 database, 2023; DEFRA GHG Conversion Factors, 2023.
Source of GWP values: IPCC Fifth Assessment Report, 2014.

[3] The use of sold products category only considers emissions from refrigerant-based global HVAC and Refrigeration products, and North American furnace products.

[4] Total GHG emissions includes Scope 1 emissions, Scope 2 location-based emissions and Scope 3 emissions.

Energy

	Unit	2022	2021	2020
GRI 302-1: Energy consumption[1] within the organization				
Purchased electricity	GJ	1,583,140	1,664,518	1,564,188
Propane	GJ	79,771	72,835	50,048
Natural gas	GJ	1,036,186	1,275,013	1,361,035
Butane	GJ	0	3,081	13,591
Distillate oil	GJ	5,431	5,317	4,088
#4 Oil usage	GJ	210	276	122
Residual oil usage	GJ	0	0	0
Gasoline usage	GJ	1,479	1,728	1,107
Diesel fuel	GJ	16,541	14,492	15,932
Purchased steam	GJ	46,409	44,485	35,781
Fleet vehicle gasoline	GJ	637,733	1,560,279	1,071,417
Self-generated electricity	GJ	1,289	1,436	1,199
Renewable sources	GJ	9,566	3,847	3,712
Total jet fuel	GJ	154,156	106,934	71,994
Specialty fuel	GJ	0	34	0

	Unit	2022	2021	2020
GRI 302-3: Energy intensity[2]				
Total energy consumed	GJ	3,571,911	4,754,278	4,194,215
Denominator	Million USD revenue	19,643	20,613	17,456
Energy intensity ratio for the organization	GJ of energy/million USD in sales	182	231	240

Methodology:

[1] 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 research and development center operations, but is not inclusive of our entire footprint. Sites under $100,000 USD energy procurement are estimated per the U.S. Commercial Building Energy Consumption Survey estimation factors based on square footage and building type.

[2] The intensity figures are based on sites procuring over $100,000 USD in energy per year and include the energy consumption estimations for the sites under $100,000 USD estimated per U.S. Commercial Buildings Energy Consumption Survey.

Water

GRI 303-3a: Water withdrawal		Unit	2022	2021	2020
	Total water withdrawal	ML	3,023	3,391	3,885
	Surface water	ML	1,559	2,266	2,847
	Groundwater	ML	253	265	188
	Seawater	ML	0	0	0
	Produced water	ML	0	0	0
	Third-party water	ML	1,211	860	850
	Total water withdrawal from areas with water stress	ML	269	252	247
	Surface water	ML	0	0	0
	Groundwater	ML	48	0.1	4
	Seawater	ML	0	0	0
	Produced water	ML	0	0	0
	Third-party water	ML	221	208	201

GRI 303-4: Water discharge by destination		Unit	2022	2021	2020
	Total water discharge	ML	2,627	3,161	3,712
	Surface water	ML	1,559	2,266	2,847
	Groundwater	ML	28	131	115
	Seawater	ML	0	0	0
	Third-party water (total)	ML	1,040	764	749

GRI 303-5: Water consumption		Unit	2022	2021	2020
	Total water consumption	ML	396	230	173

Waste

GRI 306-3: Waste generated		Unit	2022	2021	2020
	Total weight	metric tons (t)	72,560	68,043	66,238
	Nonhazardous waste	metric tons (t)	70,223	65,779	64,450
	Hazardous waste	metric tons (t)	2,338	2,264	1,788

GRI 306-4: Waste diverted from disposal		Unit	2022	2021	2020
	Total waste diverted from disposal	metric tons (t)	64,429	60,405	59,626
	Total weight of hazardous waste diverted, and a breakdown:	metric tons (t)	1,215	1,169	772
	Preparation for reuse	metric tons (t)	166	36	4
	Recycling	metric tons (t)	1,049	1,133	768
	Other recovery operations	metric tons (t)	0	0	0
	Total nonhazardous waste diverted, and a breakdown:	metric tons (t)	63,214	59,236	58,853
	Preparation for reuse	metric tons (t)	64	204	80
	Recycling	metric tons (t)	63,148	59,032	58,773
	Other recovery operations	metric tons (t)	1	0	0
	Total hazardous waste and nonhazardous waste diverted:				
	On-site	metric tons (t)	0	0	0
	Off-site	metric tons (t)	64,429	60,405	59,626

GRI 306-5: Waste directed to disposal		Unit	2022	2021	2020
	Total waste disposal	metric tons (t)	8,132	7,638	6,612
	Hazardous waste disposal, and a breakdown:	metric tons (t)	1,123	1,095	1,016
	Incineration (with energy recovery)	metric tons (t)	292	124	36
	Incineration (without energy recovery)	metric tons (t)	120	327	397
	Landfilling	metric tons (t)	181	127	136
	Other disposal operations	metric tons (t)	529	518	447
	Total nonhazardous waste disposal, and a breakdown:	metric tons (t)	7,009	6,543	5,596
	Incineration (with energy recovery)	metric tons (t)	2,071	821	4
	Incineration (without energy recovery)	metric tons (t)	11	1,063	1,812
	Landfilling	metric tons (t)	4,757	4,109	3,200
	Other disposal operations	metric tons (t)	170	550	581
	Total hazardous waste and nonhazardous waste disposal:				
	On-site	metric tons (t)	0	0	0
	Off-site	metric tons (t)	8,132	7,638	6,612

Employees

GRI 2-7: Employees

Region	2022	2021	2020
Americas	43%	34%	34%
EMEA	27%	37%	40%
APAC	30%	29%	26%

Gender	2022	2021	2020
Female	29%	27%	27%
Male	71%	73%	73%

GRI 404-1: Average hours of training per year per employee for 2022

Gender	Executives	Professionals	All non-production employees
Female	12	13	12
Male	10	12	12
Overall	**12**	**13**	**12**

GRI 401-1: Employee turnover

Region	2022	2021	2020
Americas	20.8%	16.7%	11.4%
EMEA	9.4%	8.3%	6.1%
APAC	14.3%	15.9%	9.0%
Total	**15.6%**	**13.3%**	**8.7%**

Gender	2022	2021	2020
Female	18.6%	15.6%	9.7%
Male	14.4%	12.5%	8.0%
Total	**15.6%**	**13.3%**	**8.7%**

GRI 403-9: Work-related injuries[1]

	Unit	2022	2021	2020
The number of fatalities as a result of work-related injury	Employee	0	0	0
	Contractor	0	0	1
The number and rate[2] of recordable work-related injuries	Number	161	247	222
	Rate	0.31	0.38	0.37

Methodology:

[1] Carrier collects and maintains its work-related incident records in a digitized injury management system, including injury analysis information. Carrier has an injury management standard and a data reporting standard that determine how incidents are classified, escalated, managed, reported, analyzed and periodically verified globally. Carrier adopts the U.S. OSHA injury and illness recordability criteria for injury classification.

[2] Number of fatalities, lost-time cases, restricted duty cases and medical treatment cases x 200,000/total hours worked.

SASB Disclosure

This report was prepared following the SASB Resource Transformation – Electrical & Electronic Equipment Standard (Version 2018-10). Due to the nature of Carrier's diversified business in industrial manufacturing, Carrier also included metrics aligned to other industries that might be of interest to our investors, including Resource Transformation – Industrial Machinery and Goods (Version 2018-10). Carrier will continue to evaluate the applicability of additional SASB metrics where warranted. These metrics are reported using the reporting entity described in the Annual Report on Form 10-K for the year ending 2022 (Form 10-K) for Carrier. All data is as of December 31, 2022 for calendar year 2022.

Topic	Accounting Metric	Code	Unit of Measure	Carrier 2022 Response
Energy Management	(1) Total energy consumed	RT-EE-130a.1, RT-IG-130a.1	GJ	3,571,911
	(2) Percentage grid electricity		Percentage	44%
	(3) Percentage renewable		Percentage	0.27%
Hazardous Waste Management	Amount of hazardous waste generated	RT-EE-150a.1	Metric tons (t)	2,338
	Percentage recycled		Percentage	52%
Workforce Health and Safety[1]	(1) Total recordable incident rate	RT-IG-320a.1	Rate	0.31
	(2) Fatality rate - employees		Rate	0
Product Lifecycle Management	Percentage of eligible products, by revenue, that meet ENERGY STAR criteria	RT-EE-410a.2	Percentage by revenue	In 2022, approximately 50% of our HVAC and Transport Refrigeration revenue was clean technology.[2] 47% of our sales generated by Carrier's U.S. Residential HVAC business was from ENERGY STAR-qualified products.
	Revenue from renewable energy-related and energy efficiency-related products	RT-EE-410a.3	Reporting currency	Carrier defines clean technology revenue as products and services sold that facilitate decarbonization through lower energy consumption, electrification and/or the transition to lower global warming potential refrigerants in built environments and refrigerated transport.

[1] Denotes a modified metric based on Carrier's reporting systems.

[2] Excludes Toshiba Carrier Corp.

Topic	Accounting Metric	Code	Unit of Measure	Carrier 2022 Response
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-EE-440a.1, RT-IG-440a.1	Discussion and analysis	Carrier ESG Report (Sustainable Product Design)
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anticompetitive behavior	RT-EE-510a.1	Discussion and analysis	Carrier ESG Report (Ethics & Compliance)
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	RT-EE-510a.2	Reporting currency	In 2022, we know of no incidents or legal cases associated with bribery or corruption that would have a material impact on our company or our stakeholders.
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	RT-EE-510a.3	Reporting currency	In 2022, we know of no incidents or legal cases associated with anticompetitive behavior regulations that would have a material impact on our company or our stakeholders.
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	Reporting currency	Carrier ESG Report (Circular Business Models)
Activity Metrics	Number of employees	RT-EE-000.b, RT-IG-000.b	Number	In 2022, excluding Toshiba Carrier Corp. employees, the workforce was ~47,000.

TCFD Disclosure

TCFD Disclosure	Reference
Governance - Disclose the organization's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities.	Carrier 2023 Proxy Statement, pp. 20-26 (Corporate Governance) Carrier 2023 CDP Climate Change Response (C1.1a, C1.1b) Carrier Corporate Governance Principles, pp. 1-2 (Responsibilities of the Board)
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Carrier ESG Report (ESG Governance & Oversight) Carrier 2023 CDP Climate Change Response (C1.2)
Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Form 10-K, pp. 10-26 (Part 1, Item 1A. Risk Factors) Carrier 2023 CDP Climate Change Response (C2.1a, C2.3, C2.3a, C2.4a)
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Form 10-K, pp. 10-26 (Part 1, Item 1A. Risk Factors) Carrier 2023 CDP Climate Change Response (C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4)
c) Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Carrier ESG Report (Innovation & Solutions) Carrier 2023 CDP Climate Change Response (C3.2, C3.2a, C3.2b)
Risk Management - Disclose how the organization identifies, assesses and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Carrier 2023 Proxy Statement, pp. 20-26 (Corporate Governance) Carrier 2023 CDP Climate Change Response (C2.1, C2.1a, C2.2, C2.2a, C2.3a, C2.4a)
b) Describe the organization's processes for managing climate-related risks.	Carrier 2023 Proxy Statement, pp. 20-26 (Corporate Governance) Carrier 2023 CDP Climate Change Response (C2.1, C2.2)
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Carrier 2023 Proxy Statement, pp. 20-26 (Corporate Governance) Carrier 2023 CDP Climate Change Response (C2.1, C2.2)

TCFD Disclosure	Reference
Metrics & Targets - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Carrier ESG Report (Innovation & Solutions) Carrier ESG Report (Operations) Carrier 2023 CDP Climate Change Response (C4.2, C4.2b, C9.1)
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	ESG Summary Data (Greenhouse Gas Inventory) Carrier 2023 CDP Climate Change Response (C6.1, C6.3, C6.5, C6.5a)
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Carrier ESG Report (Innovation & Solutions) Carrier 2023 CDP Climate Change Response (C4.1, C4.1a, C4.1b, C4.2, C4.2a)

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, statements with respect to current and future potential implications of corporate social responsibility and sustainability topics, Carrier's ESG initiatives (including its climate-related matters and goals) and other statements that are not historical facts. Many of these forward-looking statements are based upon certain assumptions, estimates, developing standards and assessments made by our management in light of their experience and perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. Furthermore, 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. These risks include macroeconomic factors and megatrends, limitations and uncertainties inherent in climate and sustainability science (for example, estimation limitations in metrics related to Carrier's estimated emissions, including Scope 3 emissions, and other risks and uncertainties discussed in Item 1A of Carrier's Annual Report on Form 10-K for the fiscal year ended December 31, 2022). 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). Inclusion of information in this report is not an indication that the subject or information is material to our business or operating results. "Material" for the purposes of this report should not be read as equating to any use of the word in our other reporting or filings with the U.S. Securities and Exchange Commission (SEC). Case studies presented within the report are for illustrative purposes only and have been selected in order to provide examples illustrating Carrier's application of its ESG policies and procedures and do not purport to be a complete list thereto.

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.