Part E – Signature Forms

AEPA 021.75

HVAC and Mechanical Products and Solutions

Instructions

Contained herein are forms that **require a signature** from an authorized person at your company. All items found within this document are **mandatory**. Failure to sign the required areas, sections, or signature lines will allow AEPA to consider your company's proposal as **non-responsive**.

To submit the required signed forms, follow these steps:

1. Read the documents in their entirety.
2. Complete all forms and sign when required.
3. Return the forms and pages in their correct order and scan one (1) single PDF format titled ***"Part E – Signature Forms – Name of Bidding Company"*** (i.e. one PDF document for all signature forms).
4. Submit Part E, along with other required documents in Public Purchase.

*Note, a bid checklist has been provided to review with your submission.

The following sections will need to be completed prior to submission as one (1), single PDF titled "Part E – Signature Forms – Name of Bidding Company".

Uniform Guidance "EDGAR" Certification Form – ****signature required***
Bid Affidavit – ****signature required***
Acceptance of Bid & Contract Award – ****signature required***

Uniform Guidance "EDGAR" Certification Form
2 CFR Part 200

When a purchasing agency seeks to procure goods and services using funds under a federal grant or contract, specific federal laws, regulations, and requirements may apply in addition to those under state law. This includes, but is not limited to, the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200, referred to as the "Uniform Guidance" or new "EDGAR". All Respondents submitting proposals must complete this EDGAR Certification form regarding the Respondent's willingness and ability to comply with certain requirements, which may apply to specific agency purchases using federal grant funds.

For each of the items below, the Respondent will certify its agreement and ability to comply, where applicable, by having the Respondent's authorized representative check, initial the applicable boxes, and sign the acknowledgment at the end of this form. If a Respondent fails to complete any item of this form, AEPA will consider and may list the response, as the Respondents are unable to comply. A "No" response to any of the items below may influence the ability of a purchasing agency to purchase from the Respondent using federal funds.

1. Violation of Contract Terms and Conditions

Provisions regarding Respondent default are included in AEPA's terms and conditions. Any contract award will be subject to such terms and conditions, as well as any additional terms and conditions in any purchase order, ancillary agency contract, or construction contract agreed upon by the Respondent and the purchasing agency, which must be consistent with and protect the purchasing agency at least to the same extent as AEPA's terms and conditions. The remedies under the contract are in addition to any other remedies that may be available under law or in equity.

2. Termination for Cause of Convenience

For a participating agency purchase or contract in excess of $10,000 made using federal funds, you agree that the following term and condition shall apply:

The participating agency may terminate or cancel any purchase order under this contract at any time, with or without cause, by providing seven (7) business days in advance written notice to the Respondent. If this agreement is terminated in accordance with this paragraph, the participating agency shall only be required to pay Respondent for goods and services delivered to the participating agency prior to the termination and not otherwise returned in accordance with the Respondent's return policy. If the participating agency has paid the Respondent for goods and services provided as the date of termination, Respondent shall immediately refund such payment(s).

If an alternate provision for termination of a participating agency's purchase for cause and convenience, including how it will be affected and the basis for settlement, is in the participating agency's purchase order, ancillary agreement or construction contract agreed to by the Respondent, the participating agency's provision shall control.

3. Equal Employment Opportunity

Except as otherwise provided under 41 CFR Part 60, all participating agency purchases or contract that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 shall be deemed to include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

The equal opportunity clause provided under 41 CFR 60-1.4(b) is hereby incorporated by reference. Respondent agrees that such provision applies to any participating agency purchase or contract that meets the definition of

"federally assisted construction contract" in 41 CFR Part 60-1.3 and Respondent agrees that it shall comply with such provision.

4. Davis Bacon Act

When required by Federal program legislation, Respondent agrees that, for all participating agency contracts for the construction, alteration, or repair (including painting and decorating) of public buildings or public works, in excess of $2,000, Respondent shall comply with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, Respondent is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specific in a wage determinate made by the Secretary of Labor. Also, Respondent shall pay wages not less than once a week.

Current prevailing wage determinations issued by the Department of Labor are available at www.wdol.gov. Respondent agrees that, for any purchase to which this requirement applies, the award of the purchase to the Respondent is conditioned upon Respondent's acceptance of wage determination.

Respondent further agrees that is shall also comply with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each construction completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled under his contract of employment, shall be defined under this titled or imprisoned not more than five (5) years, or both.

5. Contract Work Hours and Safety Standards Act

Where applicable, for all participating agency purchases in excess of $100,000 that involve the employment of mechanics or laborers, Respondent agrees to comply with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, Respondent is required to compute the wages of every mechanic and laborer based on a standard workweek of 40 hours. Work in excess of the standard workweek is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the workweek. The requirements of the 40 U.S.C. 3704 applies to construction work and provides that no laborer or mechanic must be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchase of supplies, materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

6. Right to Inventions Made Under a Contract or Agreement

If the participating agency's federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient or sub-recipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance or experiments, developmental or research work under the "funding agreement," the recipient or sub-recipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

7. Clean Air Act and Federal Water Pollution Control Act

Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended, contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA). When required, Respondent agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

8. Debarment and Suspension

Debarment and Suspension (Executive Orders 12549 and 12689), a contract award (see 2 CFR 180.222) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1966 Comp. p. 189) and 12689 (3 CFR Part 1989 Comp. p. 235), "Debarment and Suspension." SAM exclusions contain the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. Respondent certifies that the Respondent is not currently listed and further agrees to immediately notify AEPA and all participating agencies with pending purchases or seeking to purchase from the Respondent if Respondent is later listed on the government-wide exclusions in SAM, or is debarred, suspended, or otherwise excluded by agencies or declared ineligible under state statutory or regulatory authority other than Executive Order 12549.

9. Byrd Anti-Lobbying Amendment

Byrd Anti-Lobbying Amendment (31 U.S.C. 1352), Respondents that apply or bid for an award exceeding $100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that take place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

10. Procurement of Recovered Materials

For participating agency purchases utilizing Federal funds, Respondent agrees to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act where applicable and provide such information and certifications as a participating agency may require to confirm estimates and otherwise comply. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery, and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

11. Profit as a Separate Element of Price

For purchases using federal funds in excess of $150,000, a participating agency may be required to negotiate profit as a separate element of the price. See 2 CFRR 200.323(b). When required by a participating agency, Respondent agrees to provide information and negotiate with the participating agency regarding profit as a separate element of the price for a particular purchase. However, Respondent agrees that the total price, including profit, charged by the Respondent to the participating agency shall not exceed the awarded pricing, including any applicable discount, under the Respondent's contract with AEPA.

12. General Compliance with Participating Agencies

In addition to the foregoing specific requirements, Respondent agrees, in accepting any purchase order from a participating agency, it shall make a good faith effort to work with a participating agency to provide such information and to satisfy requirements as may apply to a particular purchase or purchases including, but not limited to, applicable record keeping and record retention requirements as noted in the Federal Acquisition Regulation, FAR 4.703(a).

By initialing the table (1-12) and signing below, I certify that the information in this form is true, complete and accurate and that I am authorized by my business to make this certification and all consents and agreements contained herein.		
Respondent Certification (By Item)	**Respondent Certification:** **YES**, I agree or **NO**, I do NOT agree	**Initial**
1. Violation of Contract Terms and Conditions	Yes	JBS
2. Termination for Cause of Convenience	Yes	JBS
3. Equal Employment Opportunity	Yes	JBS
4. Davis-Bacon Act	Yes	JBS
5. Contract Work Hours and Safety Standards Act	Yes	JBS
6. Right to Inventions Made Under a Contract or Agreement	Yes	JBS
7. Clean Air Act and Federal Water Pollution Control Act	Yes	JBS
8. Debarment and Suspension	Yes	JBS
9. Byrd Anti-Lobbying Amendment	Yes	JBS
10. Procurement of Recovered Materials	Yes	JBS
11. Profit as a Separate Element of Price	Yes	JBS
12. General Compliance with Participating Agencies	Yes	JBS

Carrier Corporation

Name of Business

Signature of Authorized Representative

J.B. Spillane

Printed Name

May 28, 2021

Date

Solicitation Affidavit

Instructions: This form must be signed by the business's authorized representative and notarized below. If awarded, the Respondent is required to produce a copy of this document for each Member Agency with which it contracts.

1. The undersigned, is duly authorized to represent the persons, business and corporations joining and participating in the submission of the foregoing bid (such persons, business and corporations hereinafter being referred to as the Respondent), being duly sworn, on his/her oath, states that to the best of his/her belief and knowledge no person, business or corporation, nor any person duly representing the same joining and participating in the submission of the foregoing bid, has directly or indirectly entered into any agreement or arrangement with any other Respondents, or with any official of the ***Member Agency***, or any employee thereof, or any person, business or corporation under contract with the ***Member Agency*** whereby the Respondent, in order to induce the acceptance of the foregoing bid by the ***Member Agency***, has paid, or is to pay to any other Respondent, or to any of the aforementioned persons, anything of value whatever, and that the Respondent has not, directly nor indirectly entered into any arrangement, or agreement, with any other Respondent or Respondents which tends to or does lessen or destroy free competition in the letting of the contract sought for by the foregoing bid.
2. This is to certify that the Respondent, or any person on his/her behalf, has not agreed, connived, or colluded to produce a deceptive show of competition in the manner of the bidding, or award of the referenced contract.
3. This is to certify that neither I, nor to the best of my knowledge, information and belief, the Respondent, nor any officer, director, partner, member or associate of the Respondent, nor any of its employees directly involved in obtaining contracts with the ***Member Agency***, or any subdivision of the state has been convicted of false pretenses, attempted false pretenses, or conspiracy to commit false pretenses, bribery, attempted bribery or conspiracy to bribe under the laws of any state or federal government for acts or omissions after January 1, 1985.
4. This is to certify that the Respondent or any person on his behalf has examined and understands the terms, conditions, the scope of work and specifications, and other documents of this solicitation and that any and all exceptions have been noted in writing and have been included with the bid submittal.
5. This is to certify that if awarded a contract, the Respondent will provide the equipment, commodities, and/or services to members and affiliate members of the Agency in accordance with the terms, conditions, the scope of work and specifications and other documents of this solicitation in the following pages of this bid.
6. This is to certify that the Respondent is authorized by the manufacturer(s) to sell all proposed products on a national basis.
7. This is to certify that we have completed, reviewed, approved, and have included all information that is required of these bid forms.

J.B. Spillane	30 South Meridian Street
Authorized Representative (Please print or type)	Mailing Address
Managing Director of Light Commercial	Indianapolis, IN 46202
Title (Please print or type)	City, State, Zip
	May 28, 2021
Signature of Authorized Representative	Date

Subscribed and sworn to before me this 28th day of May, 2021.

Notary Public in and for County of Marion, State of Indiana.

My Commission Expires: 9.14.24 Michelle Bodem

MICHELLE BODEM
Notary Public, State of Indiana
Johnson County
Commission # 690813
My Commission Expires
September 14, 2024

Acceptance of Solicitation & Contract

Instructions: PART I of this form is to be completed by the Respondent and signed by its Authorized Representative. PART II will be completed by the AEPA Member Agency only upon the occasion of the bid award. If approved by AEPA, the Respondent is required to produce a copy of the document for each of the AEPA Member Agency with which it contracts.

PART I: RESPONDENT

In compliance with the Published Solicitation (IFB OR RFP), the undersigned warrants that I/we have examined all Instructions to Respondents, associated documents, and being familiar with all of the conditions of the solicitation, hereby offer and agree to furnish all labor, materials, supplies, and equipment incurred in compliance with all terms, conditions, specifications, and amendments associated with this IFB OR RFP and any written exceptions to the bid. The signature also certifies understanding and compliance with the certification requirements of the AEPA Member Agency's Terms and Conditions and/or Special Terms and Conditions. The undersigned understands that their competence, ability, capacity and obligations to offer and provide the proposed tangible personal property, professional services, construction services, and other services on behalf of the Vendor Partner as well as other factors of interest to the AEPA Member Agency as stated in the evaluation section, will be a consideration in making the award.

Business Name	Carrier Corporation	**Date**	May 28, 2021
Address	Indianapolis, IN 46202	**City, State Zip**	30 South Meridian Street
Contact Person	Samuel Moreland	**Title**	Strategic Account Manager
Authorized Signature	J.B. Spillane	**Title**	Managing Director of Light Commercial
Email	james.spillane2@carrier.com	**Phone**	317-240-2928

PART II: AWARDING MEMBER AGENCY

Your bid response for the above-identified bid is hereby accepted. As a Vendor Partner, you are now bound to offer and provide the products and services identified within this solicitation, your response, and approved by AEPA, including all terms, conditions, specifications, exceptions, and amendments. As a Vendor Partner, you are hereby not to commence any billable work or provide any products or services under this contract until an executed purchase order is received from the AEPA Member Agency or Participating Entities. This contract intends to constitute the final and complete agreement between the AEPA Member Agency and Vendor Partner, and no other agreements, oral or otherwise, regarding the subject matter of this contract, shall bind any of the parties hereto. No change or modification of this contract shall be valid unless in writing and signed by both parties to this contract. If any provision of this contract is deemed invalid or illegal by any appropriate court of law, the remainder of this contract shall not be affected thereby. The initial term of this contract shall be for up to fifteen (15) months and will commence on the date indicated below and continue until May 31, 2022, unless terminated, canceled, or extended. By mutual written agreement, the contract may be extended for three (3) additional 12-month periods after this initial contract term. In the event the AEPA Board does not recommend renewal of the contract, it may be extended month by month up to six (6) months by an AEPA state.

Awarding Agency _____

Authorized Representative _____

Awarded this	**day of**	**Contract Number**
Contract to commence (Member Agency to select)	7/1/21	**OR**

Solicitation Checklist

Instructions: Utilize the checklist below, reviewing to confirm that all the required documents have been uploaded to Public Purchase, in their ***specified/required format***, by the due date and time listed for this solicitation. ***Submissions not following the specified/required format may result in being marked non-responsive and may not be considered for evaluation.*** Respondents are reminded that failure to follow, comply with, and adhere to the enclosed instructions of this solicitation may result in their response being deemed non-responsive. AEPA, its Member Agencies, affiliate agencies, and authorized representatives are not responsible for bid proposals that are incomplete, unreadable, or received after the solicitation deadline submission date.

"x"	**Document Title, Uploaded to Public Purchase** *(Respondent must submit documents in the required title/format)*	**Format of Uploaded Document**	**Notes**
X	**Bid Bond – if Required, see Part B if applicable.**	Upload PDF copy. The original must be received by Lakes Country Service Cooperative by due date and time.	Send to Lakes Country Service Cooperative.
X	**Part C – State-Specific Forms – *Name of Responding Company***	Single, Scanned PDF	**Required.** Signatures Required.
X	**Part D - Questionnaire – *Name of Responding Company*** Includes: • Company Information • Service Questionnaire • Exceptions • Deviations	Single, Scanned PDF	**Required.**
X	**Part E – Signature Forms – *Name of Responding Company*** Includes: • Uniform Guidance "EDGAR" Certification • Bid Affidavit • Acceptance of Bid & Contract Award	Single, Scanned PDF	**Required.** Signatures required.
X	**Part F – Pricing Schedule – *Name of Responding Company***	Excel Workbook	**Required.**
X	**Price List/Catalog – *Name of Responding Company***	Upload PDF	**Required.**
X	**Exhibit A – Financial Health Document(s) – *Name of Responding Company***	Scanned PDF	**Required.** Not provided by AEPA, Respondent Created
X	**Exhibit B – Marketing Plan – *Name of Responding Company***	Scanned PDF	**Optional.** Not provided by AEPA, Respondent Created
X	**Exhibit C – Warranties, Additional Services – *Name of Responding Company***	Scanned PDF	**Optional.** Not provided by AEPA, Respondent Created
	Exhibit D – Additional Discounts – *Name of Responding Company*	Scanned PDF	**Optional.** Not provided by AEPA, Respondent Created

Part C –
AEPA Member Agency (State) Terms and Conditions
AEPA Soliciation #022

Table of Contents

1. **AEPA Member Agency Terms and Conditions** **1**
2. **Common Terms and Conditions** **1**
3. **AEPA Member Agency General Overview Summary** **2**
4. **State Specific Terms and Conditions** **3**
5. **State Specific Forms** **93**

1. A E P A Member Agency Terms and Conditions

A solicitation is being published and distributed on behalf of the Member Agencies in many states. Differences in contract implementation and operation will exist between the Member Agencies. Each state may have special laws relating to this procurement that must be adhered to in addition to the previously stated constraints. *When Member Agency/State-Specific Terms and Conditions differ from the A E P A General Terms and Conditions, the Member Agency/State-Specific Terms and Conditions will prevail in that Member Agency/State.*

2. Common Terms and Conditions

Active Promotion of Contract: Agencies require that the Vendor Partner take ownership and actively promote the contract in cooperation with the AEPA Member Agency to all of the Agencies' qualified Participating Entities.

Sales to Participating Entities: AEPA Member Agencies require that all awarded Vendor Partners offer the Member Agency contract opportunity to all qualified Participating Entities of the cooperative.

Legal Obligations: All Vendor Partners shall comply with all applicable Federal, State, and Local Laws, Codes, and Regulations while fulfilling the contract. It is the Bidder's responsibility to be aware of and comply with all state and local laws governing this procurement. Applicable laws, codes, and regulations (etc.) must be followed even if not specifically identified herein.

Administrative Fees: AEPA Member Agencies charge Vendor Partners an administrative fee (a percentage of sales in their respective state or states that they extend the AEPA pricing to). Administrative Fees are generally paid to each Member Agency quarterly. Additional details of how these fees are charged may be found under each state's Terms and Conditions.
A summary of each State's Administrative Fee, any special terms and conditions, and special ordering process requirements are listed here for the convenience of the Bidders.

3. AEPA Member Agency General Overview Summary

	General			Ordering Process			Construction Products and Services									Potential Customers						
AEPA Member Agency State	Administrative Fee	Bid Security Required on bid due date	Special Reporting Requirements	Standard Ordering Process	Electronic Ordering	Special Ordering Process	Davis Bacon and State Wage Rates	Payment & Performance Bonds Required	Contractor's Licensing Required	Permits and/or Registration Required	Construction Project Cost Limitations	Participate in Construction Services	Participate in Construction Products Only	Products are taxable	Service is Taxable	K-12 Education	Higher Ed.	Private Schools	Non-Profits	Federal Agencies	State Agencies	Cities & Counties
CA	2%	N	N	Y	Y	N	-	-	-	-	Y	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y
CO	2%	N	N	Y	N	N	N	N	N	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	N	Y
CT	2%	N	N	Y	Y	N	Y	N	Y	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y
FL	2%	N	N	Y	Y	N	Y	N	Y	Y	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
GA	2%	N	N	Y	Y	N	Y	N	Y	Y	N	Y	Y	N	N	Y	Y	Y	y	y	y	y
IA	2%	N	Y	Y	Y	N		**			Y	Lim	Lim	**		Y	Y	Y	N	Y	Y	Y
IL	2%	N	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	N	N	Y	Y
IN	Var	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y
KS	2%	N	n	Y	Y	Y	Y	Y	Y	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y
KY	2%	N	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y
MA	2%	N	N	Y	Y	Y	N	N	N	N	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y
MI	2%	N	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	TBD	Y	Y
MN	2%	N	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y/N*	N	Y	Y	Y	Y	Y	Y	Y
MO	2%	N	Y	Y	Y	N	Y	N	N	Y	N	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y
MT	2%	Y	N	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
NE	2%	N	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	N	N	Y	Y
NJ	2%	N	N	Y	Y	N	Y	Y	Y	Y	Y	N	Y	N	N	Y	Y	Y	Y	N	N	Y
NM	2%	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
ND	2%	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y/N*	N	Y	Y	Y	Y	Y	Y	Y
OH	2%	Y	Y	Y	Y	N	Y	Y	Y	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y
OR	2%	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
PA	2%	N	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y
SC	2%	N	Y	Y	N	Y	Y	Y	Y	Y	N	Y	Y	Y/N*	Y/N*	Y	Y	Y	Y	N	Y	Y
TX	2%	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
VA	2%	N	N	Y	Y	Y	N	N	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
WA	2%	N	Y	N	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	N	N	N	Y	Y
WV	2%	Y	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
WI	2%	N	N	Y	Y	N	Y	Y	N	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y
WY	2%	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y

4. State Specific Terms and Conditions

1. California, Monterey County Office of Education – for the Programs CalSave and CalBuy

1. California, Monterey County Office of Education (MCOE) – for the Programs CalSave and CalBuy

1. Governing Law and Venue

As described in Part A of bid Terms and Conditions, the laws of the State of California govern the Contract and prevail in the interpretation and administration of the Contract. California-specific Terms and Conditions prevail over any General Terms and Conditions. Each provision of law and clause required by law to be included in the Contract shall be deemed to be inserted herein, and the Contract shall be read and enforced as though it were included. If through mistake or otherwise any such provision is not included then upon application of either party the Contract shall be physically amended to make such inclusion or correction. The venue for any litigation arising out of or related to the Contract shall be with either the Superior Court in and for the County of Monterey, State of California or the Federal District Court for the Northern District of California, San Jose Division.

2. Authority

For California, this request for bids is issued under the authority of the elected Monterey County Superintendent of Schools, who administers the MCOE, located at 901 Blanco Circle, Salinas California, 93912. In this document, MCOE may be referred to as Agency, being distinct from other parties who may use this Contract who are hereinafter referred to as Local Education Agencies (LEAs), regardless of their hierarchy or their political and organizational status as schools or municipalities.

3. CalSave and CalBuy, Administration, and Agent

Contracts awarded and Awarded Contractors/Vendors will automatically be part of the CalSave and CalBuy programs, and by bidding a Vendor must agree to participate. CalSave is cooperative purchasing program founded by the Monterey County Office of Education and administered by the Epylon Corporation under an agreement with MCOE. MCOE is the lead agency for all Contracts, and the Monterey County Superintendent of Schools is the authority for the solicitation, evaluation and award of all Contracts. Epylon serves as MCOE's agent, but only the Monterey County Superintendent of Schools has the authority to award contracts. CalSave may also do business as CalBuy in certain jurisdictions. Correspondence and communication related to the Contract award or administration of the program should be directed to Epylon, 630 San Ramon Valley Blvd., Suite 210, Danville, CA 94526.

MCOE reserves the right to change agents or to change the contact name of existing Agent's personnel administering the Contract. If Agent or Agent's personnel change, Awarded Contractors/Vendors will be notified with new instructions.

4. Transaction Fees

Transaction Fees are the funding source for the operation of the self-supporting CalSave cooperative purchasing program. Awarded Contractors/Vendors shall be required to pay a Transaction Fee for all purchases by LEAs and other eligible entities made through the awarded Contract. For the purpose of this bid through Monterey County Office of Education and all Contracts awarded using this document, the Transaction Fee shall be 2 percent of Net Sales, which means gross sales less returns and canceled orders within 30 days, shipping and sales and other taxes (excluding taxes based on net income). Transaction Fees will not be charged to or paid by the buyers themselves. Neither Awarded Contractor/Vendor nor its designated authorized reseller(s) shall itemize any additional amount corresponding to the Transaction Fees in the awarded Contract prices. This Transaction Fee applies to all orders, regardless of the method used to submit the order, or the quantity or dollar amount of the order.

Epylon will collect the full Transaction Fee on behalf of the CalSave and CalBuy programs, unless otherwise advised by Epylon. The Contractor/Vendor will make all participation fee payments within two weeks after sending the quarterly report. Checks are to be made payable to the Epylon Corporation and sent to 630 San Ramon Valley Blvd., Suite 210, Danville, CA 94526.

5. Non-Conforming Jurisdictions

Notwithstanding Section 4 (immediately above) no Transaction Fee is authorized to be charged to Awarded Contractors/Vendors for sales within any jurisdiction where prohibited by law or local- government policy. Instead, the cost of products, services, licenses, and goods sold under this Contract in such jurisdictions shall be the same as for all school districts in all other counties of California. However, any LEA using this Contract where Section 4 fees are not permitted shall be required to pay a 2 percent fee for use of the Contract, imposed by MCOE on the authority of Public Contract Code §20118 and §20652, which allows MCOE to charge reasonable costs to the public corporation or agency for furnishing the services incidental to the purchase of items under Contract.

6. Reports

The Contractor/Vendor will compile a quarterly report listing each purchase made by participating agencies and persons under this Contract, and send them by the 15th of April, July, October, and January to Racquel Landolf with the email address of rlandolf@epylon.com. These reports shall be in Microsoft Excel format and shall have file names that identify the Contractor/Vendor and the month being reported. The file at a minimum shall include the fields listed below and shall allow for sorting on any of these fields:

- Date of Order
- Name of Participating Agency (LEA)
- Description of Item and Services Purchased
- Manufacturer's SKU Number
- Quantity or Job Order Units

- Contract Unit Price
- Extended Price
- List Price Before AEPA Discount

7. Length of Term

The term of the agreement shall commence on the date of the award and continue as stipulated in General Terms and Conditions, unless terminated, canceled, or extended. Contract may be terminated by MCOE if LEAs have not used the Contract in any 12-month period, or if orders from participating LEAs do not total $10,000 in any 12-month period. California statutory term limits and extensions shall apply. In no case will the Contract be in force for more than three years at one time.

8. Marketing and Advertising Under This Agreement

Vendor will actively promote the use of this Contract by LEAs in California. Vendor must comply with the marketing plan offered as part of its bid submission. Unless other arrangements are made with the CalSAVE Administrator, Vendor also agrees to perform the following:

- Include the approved CalSAVE logo and web address in all print, electronic mail and other advertising and promotion intended for release to California K-12 schools, excluding national marketing releases.
- Provide CalSAVE with a copy or proof sheet of the advertisement or promotion material. Vendor will provide CalSAVE with date of release and name of publication, journal, etc.
- Place a CalSAVE Vendor sign on booths, tables, etc. of any or all exhibits for which the Vendor displays/participates at California tradeshows, conventions, and the like.
- Insert the approved CalSAVE logo and web address on any Vendor's web site promoting the Contract or a specific CalSAVE landing page and providing a link to the CalSAVE website.
- Vendor will supply product catalog information, product description, pricing, etc., in a spreadsheet format as specified by CalSAVE for inclusion on the CalSAVE website.
- Vendor agrees to cooperate in developing appropriate website content to promote its products, services, and their advantages to school districts.
- Requested materials will be submitted to CalSAVE within 30 days.

9. Conformance to Public Contract Code §20111

An award by the Monterey County Superintendent of Schools under this solicitation will be for the purchase of equipment, materials, supplies, services or repairs to be furnished, sold, or leased in accordance with Public Contract Code §20111 and §20650 or other California code sections as may be allowed by law. Awards shall include allowance for installation and assembly services incidental and necessary to the use of the equipment, materials, supplies and repairs purchased or leased.

10. Conformance to Public Contract Code §20118 and §20652

All public agencies (LEAs) are authorized by law to purchase off a Contract awarded by an agency that has itself gone to bid, including all K-12 schools districts, community college districts, special districts and JPAs serving education, pursuant to Public Contract Code §20118 and §20652. Using these statutes, the Monterey County Office of Education hereby declares its intent and authorization to make all Contracts awarded under this Contract "piggybackable" by other agencies in the state. The Agency waives any right to receive payment from other California agencies making purchases off the awarded Contracts and those agencies will make payment directly to the vendors. Any legislative changes to Public Contract Codes §20118 and §20652 during the term of the Contract(s) with Award Vendor(s) shall apply to the Contract(s) immediately when such changes become law.

11. Piggyback and Standard School Supply & Equipment Authority

The Monterey County Office of Education declares that items, materials, personal property, equipment, and licenses under Contract as a result of this Invitation to Bid will qualify as items to be included within its Standard School Supply and Equipment List. Because many County Offices of Education have banded together to create both the EdBuy and the CalSAVE programs for the purpose of collectively creating both a standard School Supply & Equipment List and cooperative contracts, the items solicited and awarded through this bid may also constitute a portion of an official Standard School Supply and Equipment List for other participating County Offices of Education and County Superintendents of Schools. Purchases by other County Offices of Education and LEAs may be made, not only in accordance with Public Contract Code §20118 and §20652, but also in accordance with Education Code §38110 and §38112 dealing with cooperatives and Standard School Supplies & Equipment.

12. Intended for Personal Property

An award by the MCOE under this solicitation will be for the purchase of equipment, materials, supplies, services or repairs to be furnished, sold, or leased in accordance with Public Contract Code §20111 and §20650. Awards shall include allowance for installation and assembly services incidental and necessary for use of the equipment, materials, supplies and repairs purchased or leased. When any services or repairs fall into a category of Public Works as defined in Public Contract Code §22002, an LEA may be required to conduct a separate bid for labor and services, but may use this Contract for an unlimited dollar amount for any supplies, materials, equipment or personal property to be staged and ready for use in a local Public Works project. Other rules may apply in the event an MCOE Contract award is converted to a California Multiple Awards Schedule (CMAS) Contract.

13. Public Works Limitations

When Public Works services cost $15,000 or more, an LEA, under most situations, must bid itself independently for the services and labor related to the public work, but may use this Contract for the contracted supplies, material or equipment related to the project. If circumstances allow, LEAs may also combine this competitively bid Contract with other alternative authorities for Public Works projects as may be allowed by law, such as Public Contract Code §22030, Education Code §17406 or Government Code §1466. LEAs may consult with their own legal counsel to see if such statutes apply to their Public Works projects.

14. Job Order and Unit Price Contracting

Notwithstanding, Sections 9 through 13, the Awarded Contractors/Vendors and any authorized resellers or subcontractors, may extend bid pricing to other agencies in California, including school districts, community colleges, state colleges, cities, and counties to the extent allowed by law under job-order-contracting statutes, including but not limited to Public Contracts Codes §20919.20 through §20919.33, §20665.20 through §20665.35 and §10710. Agency allows any school district, college, or agency to use this Contract and its competitively bid unit pricing as an alternative to other contracting procedures that the school district or agency is otherwise authorized or required by law to use. In using this Contract and pursuing a job-order-contracting project, a participating agency is obliged to conform to contracting steps spelled out in their respective code sections, state college trustee policies, or local board policies.

15. Start Date

Once the award is made to the contractor/Vendor and signatures have been placed on the Contract from both parties, the Awarded Contractor/Vendor is authorized to begin selling to eligible agencies. MCOE will begin informing LEAs of the Contract once the Contract has been signed.

16. Posted Prices and Requests for Quotes

The Awarded Contractor/Vendor, in cooperation with MCOE's agent, must make provision for LEAs to quickly ascertain bid prices by posting prices, posting a link or contact for prices, distributing catalogs and price lists, responding to requests for quotations, or participating in eCommerce. (The 2 percent Transaction Fee on all sales is a cost of doing business to the Vendor and the requirement for the fee is publicly disclosed in these bid documents for the edification of all buying agencies and LEAs. Transaction fees should not appear as a line item on a quotation or on listed bid pricing. The final price quoted or displayed must be inclusive of the participation fee on all pricing and quotations.

17. Submission of Orders and Delivery

After entering into an agreement with MCOE, an LEA electing to use this Contract will enter into a Separate Contract with the Vendor by way of a purchase order or separate contracting document ("Separate Contract"). Purchase orders will be issued by participating LEAs to Contractor/Vendor.

LEAs will fax or mail purchase orders directly to the CalSAVE office fax at (866) 488-3729), unless other arrangements have been made and agreed to by the CalSAVE Administrator. LEAs may also use Epylon eCommerce software for transmission of purchase orders. Standard business practice is for all purchase orders received by 3:00 p.m. Pacific Time to be logged and forwarded to the appropriate Vendor on the same day received unless unusual circumstances occur. It is the responsibility of the awarded/Vendor Contractor to track any purchase order received directly from an LEA and to include that order on quarterly reports.

Awarded contractor/Vendor will deliver goods, services and corresponding invoices directly to the participating LEAs and receive payments directly from the participating LEAs as per bid specifications.

18. Conversion to a CMAS Contract

Because of multiple-award provisions, this Contract may qualify for adoption as a California Multiple-Award Schedule Contract. If the Vendor uses this MCOE Contract for the purpose of obtaining a separate CMAS Contract from the State of California, the Vendor is responsible for paying both the CMAS fee and the 2 percent Transaction Fees described in Section 4 and 5 for all orders submitted under the authority of the CMAS program. In exchange for this fee, the Vendor is given a license to use and duplicate MCOE/AEPA Terms and Conditions for the purpose of applying for a CMAS Contract. Also, CalSave or CalBuy will post pricing allowing prospective buyers to check for pricing that is compliant with the MCOE Contract and CMAS requirements. Vendor must comply with MCOE's quarterly reporting requirements. Public records of sales through CMAS will be used to verify quarterly reports and sales made through the CMAS program.

19. Other Agencies Right to Purchase

CalSave and CalBuy are self-supporting contracting programs. Contracts are made available to all California public school districts, private and non-public schools registered with a county office of education or state Department of Education, charter schools, community college districts, eligible state agencies, non-profits (particularly those such as PTAs buying on behalf of schools or government), and any other agency allowed by law – all referred to as LEAs.

Subject to the following terms and conditions, the Monterey County Office of Education (MCOE) consents to LEAs purchasing items at the same unit price(s) or pricing formula under the terms and conditions of this Contract, as may be authorized by Sections 20118 and 20652 of the Public Contract Code or other legal authority:

Any other agency (LEA) authorized by law to use this Contract for its own purchase(s) from the Awarded Contractor/Vendor or their authorized resellers shall by default enter into a standard agreement with MCOE, which *inter alia* will include the terms, conditions, and information set forth in this paragraph and paragraphs below.

After entering into a standard agreement with MCOE, another Agency electing to use this Contract will enter into a separate contract or purchase order ("Separate Contract") with the contractor/Vendor. The Separate Contract is subject to and includes

and/or incorporates all applicable terms of this Contract and the specific requirement that the Awarded Contractor/Vendor comply with the provisions set forth in the paragraph regarding payment of the 2 percent Transaction Fee (or the non-conforming jurisdiction fee) to be collected by the Epylon Corporation. MCOE will not be a party to any Separate Contract but will be considered a third-party beneficiary of such Separate Contract.

The Awarded Contractor/Vendor understands and agrees that failure or refusal to comply with the provisions set forth in this agreement regarding payment of the 2 percent Transaction Fee in conjunction with any Separate Contract or any other use of this Contract by an "Other Agency" is grounds for cancellation of the Contract. The Contractor/Vendor also understands and agrees that if the Contract is cancelled for this or any other reason, MCOE may give notice of such cancellation by any other means appropriate to inform LEAs of that cancellation.

The MCOE waives any right it may have to require any LEA using this Contract to draw its warrants for the purchase(s) in its favor and consents to each agency making such payment(s) directly to the contractor/Vendor.

Sales tax and freight/shipping charges included in the Contract apply to the MCOE only. Additional sales tax and freight/shipping charges may be required on purchases by any LEA and are outside the scope of this Contract, unless specifically addressed elsewhere in Part A or Part B of the Terms and Conditions.

This Contract and any Separate Contract are for the purchase of the items covered by Contract. An LEA may, however, exercise its authority under Education Code section 17597 or 81645 or other legal authority to sell and lease back any item owned by, or to be owned by, it pursuant to any Separate Contract. The contractor/Vendor agrees to take any and all actions requested by any LEA that are necessary to effect any such transfer, by way of example only, accepting payment under the Separate Contract from any third party to whom any such transfer is made.

Both the contractor/Vendor and any LEA using this Contract agree that the MCOE makes no representation that use of this Contract by any Other Agency is, in fact, authorized by law. In this regard, the MCOE suggests that, at a minimum, Contractor/Vendor and any LEA considering such use consult with their own legal counsels before doing so.

Both the contractor/Vendor and any LEA using this Contract agree to defend, indemnify and hold the MCOE, the Monterey County Superintendent of Schools, and the Monterey County Board of Education and its members, as well as all of their respective officers, employees and agents, free and harmless from any claims, liabilities, costs, penalties, or interest arising out of any such use.

MCOE reserves the right to cancel the whole or any part of this contract due to failure by the contractor to carry out any obligation, term, or condition of the contract. MCOE will issue written notice to the contractor for acting or failing to act in any of the following:

- The Vendor fails to adequately perform the services set forth in the contract
- The Vendor fails to make progress in the performance of the contract and/or gives MCOE reason to believe that the contractor will not or cannot perform to the requirements of the contract
- The contractor fails to observe any of the terms and conditions of the contract
- The contract fails to pay Transaction Fees
- The contractor fails to follow the established procedure for purchase orders, invoices and receipt of funds as stipulated by the MCOE

MCOE shall follow the following procedure if the contract is to be terminated:

- Step 1 - Issue a warning letter of concern outlining the violations and length of time to correct the problem(s).
- Step 2 - Issue a letter of intent to cancel the contract, if the problem(s) is not resolved by a given date.
- Step 3 - Issue letter to cancel the contract. Upon receipt of the written notice of concern, the contractor shall have ten (10) business days to provide a satisfactory response to MCOE.

Failure on the part of the contractor to address adequately all issues of concern may result in contract cancellation.

20. Other Agencies, Constitutionally Independent Agencies, & Out-of-State Agencies

Other agencies and out-of-state agencies and LEAs may use the Contract as allowed by California Government Code §6502, which says, "If authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, even though one or more of the contracting agencies may be located outside this state. It shall not be necessary that any power common to the contracting parties be exercisable by each such contracting party with respect to the geographical area in which such power is to be jointly exercised. For purposes of this section, two or more public agencies having the power to conduct agricultural, livestock, industrial, cultural, or other fairs or exhibitions shall be deemed to have common power with respect to any such fair or exhibition conducted by any one or more of such public agencies or by an entity created pursuant to a joint powers agreement entered into by such public agencies."

2. Colorado, Colorado BOCES Association (CBA)

A. Additional Agency Terms and Conditions

Advertising: CBA will require a marketing flier, in electronic format, and timely updates from each vendor promoting the contract and AEPA/CBA relationship. CBA will assist in the development of the marketing flier and other appropriate materials which will include logos representing the vendor/AEPA/CBA. This flier will be for distribution and dissemination to all qualified customers through the CBA website and other appropriate and available methods.

Sales to Qualified Customers: Boards of Cooperative Educational Services (BOCES) in Colorado are legislatively created cooperative organizations directed by Colorado state statute 22-105 to serve all qualified agencies in a cooperative manner. BOCES are governed by publicly elected officials and by state and federal laws. No agency is obligated to use these services and contracts, but they find the benefits of low price and the satisfied bidding process most advantageous. Qualified agencies in Colorado include all public or private educational institutions, K-12 and higher education, all non-profit organizations, and all county or local governmental agencies. CBA requires that all participating vendors offer the Agency contract opportunities to all qualified customers.

B. ***Procedure for Processing Orders:*** Once the award is made to the vendor.

- CBA will inform its members of the contract by:
  - ***i.*** Including the contract in the agency database that is available on the CBA website
  - ***ii.*** Announcing the award through normal communication channels, CBA member presentations as well as regular electronic and direct mail communications.
  - ***iii.*** Offering the opportunity to the vendor to publish their marketing information on the CBA website link to cooperative purchasing opportunities.
- A listing of CBA members, institutional names, contact names, addresses and phone numbers is available to the vendors through the CBA website. At this point the vendor must contact the members and qualified customers; and the customers have the right to contact the vendors directly. Note: CBA requires the awarded vendors to take ownership and actively promote the contract in cooperation with CBA to all members and qualified customers.
- When the customer identifies a desired product or service as available through the AEPA/CBA contract and agrees on price as presented to the customer by the awarded AEPA/CBA vendor, the customer then issues to the vendor a purchase order for that item or service.
- The awarded price must include an additional two percent (2%) administrative fee in the total cost (not as a separate line item), based on the total cost of goods and services including installation. This fee is to be forwarded by the vendor to CBA after the sale and payment is made to the vendor. Payment shall be made to CBA on a quarterly basis along with the complete sale report as specified in the general terms and conditions.
- The sale and transaction may continue without delay or anticipation of the CBA denial of said transaction.
- The administrative fee percentage (2%) is based on the total sale of goods and services including installation and must be included in the original cost quoted to the customer. In the event of a lease, the total administrative fee for the value of goods and services shall be paid to CBA by the vendor at the front end of the lease.
- Vendor makes all deliveries and installation of products and services. CBA does not warehouse items nor provide services.

3. Connecticut, Capitol Region Education Council (CREC)

A. ADDITIONAL MEMBER AGENCY GENERAL TERMS AND CONDITIONS

Affirmative Action - The Contractor must have an employment policy that there shall be no discrimination against anyone on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, physical disability or sexual orientation in the hiring, upgrading, demotions, recruitment, termination and selections for training, in any manner prohibited by the laws of the United States or of the State of Connecticut. The Contractor further agrees to be an "affirmative action-equal opportunity employer."

Applicability of Contract Provisions to Connecticut Participants - The Capitol Region Education Council (CREC) is the AEPA Member Agency. Any entity that uses the contract awarded by CREC under this document is referred to as a "Participant." The bidder that is awarded the contract by CREC is referred to as the "Contractor."

Conflict of Interest
The Contractor shall disclose any relationship with a CREC employee that would not be considered an "arms-length" or independent transaction, as described below. This disclosure must be made in writing to CREC for an evaluation. CREC will respond to this disclosure in writing.

A CREC employee (including independent contractors for purposes of this definition) placing an order or recommending a vendor must disclose any relationship with that vendor which would not be considered an "arms-length" or independent transaction. This disclosure must be made in writing to CREC for an evaluation. CREC will respond to this disclosure in writing.

For a transaction to be considered "arms-length" or "independent", a CREC employee should not be influenced, dependent upon, guided or controlled by a vendor into choosing that vendor, or item to purchase; nor should it appear to a third party that a CREC employee made a purchasing decision which appears to be based upon a personal relationship between the CREC employee and vendor.

The following are examples when a transaction is NOT considered arms-length or independent: (1) when there exists a personal relationship between a CREC employee and a vendor, (2) when there exists the potential for a personal benefit to a CREC employee, or (3) the parties to a business deal are dependent upon one another for "something" other than the purchase itself.

In addition, the Contractor shall, if given a copy of the potential Participant's conflict of interest policy, follow the process in that policy, or otherwise disclose to a potential Participant any relationship that would not be considered an "arms-length" or independent transaction with that Participant, as described above. This disclosure must be made in writing to the chief official (for example, the Superintendent at a board of education) at the potential Participant.

Determination of the existence of a conflict of interest does not prohibit CREC and/or a Participant from entering into the contract and purchase order, respectively.

*Financing Arrangements - **Any financing arrangements (including lease purchasing arrangements) will be made directly between the Contractor and a Participant. Financing arrangements may be subject to additional laws, rules and regulations, terms and conditions not described in this document and are subject to separate negotiation with each Participant that is interested in such an arrangement. Each Participant should seek its own legal advice prior to entering into a financing arrangement. CREC must receive a report annually summarizing the executed lease purchases along with the summary of the customer purchases. CREC will not collect lease payments or be involved in the terms and conditions of the lease. All lease arrangements are between the Contractor and the Participant only.***

Freedom of Information Act - The Contractor acknowledges that CREC and some Participants are subject to the Freedom of Information Act, Connecticut General Statutes Sections 1-200 et seq., and submitted to CREC and/or such Participants may be made available to the public under the provisions of the Freedom of Information Act.

Incorporation of Bid Documents - The bid documents, including all appendices executed by Contractor that have been accepted by CREC (the "Bid") are specifically incorporated into this Contract.

Independent Contractor - The Contractor shall not be held or deemed in any way to be the agent or employee of CREC and/or a Participant. It is the intention of the parties that the Contractor shall be and is to be considered an independent contractor.

Marketing and Advertising - Contractor agrees to provide CREC with a copy or proof sheet of all advertisements, customer communications or promotional material for prior approval.

Modification to Bid Language in the AEPA Invitation for Bid - The Bidder by submitting its bid hereby declares that this Bid is made without any connection with any other person or persons making any proposal for the same items, that it is in all respects

fair and without collusion or fraud and that no person acting for or employed by CREC or a Participant is directly or indirectly interested in the proposal or in the goods or services to which it relates, or in any portion of the profits therefrom.

B. ADDITIONAL MEMBER AGENCY TERMS AND CONDITIONS FOR NON-CONSTRUCTION PRODUCTS AND SERVICES

None

C. ADDITIONAL MEMBER AGENCY TERMS AND CONDITIONS FOR CONSTRUC-TION PRODUCTS AND SERVICES

CT Commission on Human Rights and Opportunities

Municipal Public Works contracts funded in whole or in part by the State of Connecticut are subject to contract compliance requirements and set-aside goals as follows:

The contractor who is selected to perform this State project must comply with CONN. GEN. STAT. §§ 4a-60, 4a-60a, 4a-60g, and 46a-68b through 46a-68f, inclusive, as amended by June 2015 Special Session Public Act 15-5.

State law requires a minimum of twenty-five (25%) percent of the state-funded portion of the contract for award to subcontractors holding current certification from the Connecticut Department of Administrative Services ("DAS") under the provisions of CONN. GEN. STAT. § 4a-60g. (25% of the work with DAS certified Small and Minority owned businesses and 25% of that work with DAS certified Minority, Women and/or Disabled owned businesses.) The contractor must demonstrate good faith effort to meet the 25% set-aside goals.

For municipal public works contracts and quasi-public agency projects, the contractor must file a written or electronic non-discrimination certification with the Commission on Human Rights and Opportunities. Forms can be found at:

http://www.ct.gov/opm/cwp/view.asp?a=2982&q=390928&opmNav_GID=1806

D. PROCEDURES FOR PROCESSING ORDERS

A. Purchase orders will not be accepted or processed by CREC. All business will be contracted directly with the Participant, which will issue a purchase order and provide payment for the applicable good or service directly to the Contractor.

B. To the extent not otherwise described in this document, once a purchase order is issued by a Participant to a Contractor, all of the provisions of the contract shall benefit and be enforceable by such Participant, unless specifically identified as applying to CREC only.

E. AGENCIES ALLOWED TO PURCHASE UNDER THE MEMBER AGENCY

There are 169 school districts in Connecticut and all are eligible for membership. No district is obligated to use these services. Additional members may include other public educational institutions, public colleges or universities, community colleges, vocational or technical schools, municipal governments, and other governmental, quasi-governmental, or non-profit organizations.

Work in Other States

CREC is making the CT AEPA contract available for vendors to use in all New England states – CT, ME, NH, RI, VT – and New York, and any other state without AEPA member representation. Our contract is also available in MA for vendors who TEC has been unable to sign with.

Sales made in any of these states using the AEPA contract are to be reported to CREC, with the 2.0% administrative fee made payable to CREC. The Contractor must advise CREC its intent to use the contract in any of these states.

All Terms and Conditions for Connecticut apply to work in these states. It is the Contractor's obligation to ensure that the purchaser fully understands the AEPA contract, including whether it is allowable under applicable state regulations.

4. Florida, Panhandle Area Education Consortium/Florida Buy Purchasing Program

A. Additional Agency Terms and Conditions

Vendor Contact: Vendor will designate to the Panhandle Area Educational Consortium Florida Buy, one individual who will represent them during the agreement period. This contact person will correspond with each ordering member for technical assistance, problems, or questions that may arise, including instructions if different contacts for different geographical areas are needed. This information will be distributed to all school districts upon award of this bid. Vendors may use this contract to sell products or services in addition to school districts to any government agency, non-profit organizations or institutions.

Vendor agrees to abide by all federal, state and local laws and regulations. It is the responsibility of the Vendor to determine applicability and requirements of any such laws and to abide by them.

All terms and conditions may be modified and revised by PAEC Florida Buy with the written consent of both PAEC Florida Buy and the Awardee.

PAEC Florida Buy, at its discretion, may offer the use of the awarded agreement to governmental entities such as state agency purchasing programs, to extend the use of the contract to eligible users. This option will be referred to as an Interlocal Agreement. Under such conditions, the participating agency may, with written consent from the Awardee, modify and revise the terms and conditions of the master agreement.

Other state and public agency purchasing program agreements may require additional administrative fees, associated with sales, to be paid by the Awardee for the management of the contract. The Awardee will be notified in writing and will have the option of accepting or rejecting the Interlocal Agreement program fees.

No right or interest in the Contract shall be assigned or transferred by the Contractor without the prior written consent of the PAEC Florida Buy program. No delegation of any duty of the Contractor shall be assigned without prior written permission of PAEC Florida Buy. If the original Vendor/Contractor sells or transfers all assets or the entire portion of the assets used to perform this Contract, a successor in interest must guarantee to perform all obligations under this Contract. PAEC Florida Buy reserves the right to reject the acquiring person or entity as a Vendor/Contractor. A change of name agreement will not change the contractual obligations of the Vendor/Contractor.

The Awardee, may, upon entering into negotiations with qualified buyers, amend their prices to offer volume discounts below the lowest unit rates established in the pricing portion of this agreement.

B. Procedures For Processing Orders

Once the award is made to the Vendor, PAEC Florida Buy will inform all school districts of the contract by:

1. Including the award information on the PAEC Web site at www.floridabuy.org
2. Announcing the award in its PAEC Florida Buy website
3. Announcing the award via electronic mail to all members

Any members, contact names, addresses and phone numbers will be available at the PAEC Web site www.floridabuy.org. At this point, the Vendor may contact the members and the members may contact the Vendor. The member will identify a desired product or service available through the AEPA contract and agrees on the price and conditions as presented to the member by the awarded AEPA Vendor. The member then issues to the Vendor a purchase order for that item or service. The purchase order must include an additional (2%) administrative fee built into the total invoiced cost, based on the total costs of good, services and installation. A final copy of the customer purchase order or sales summary must be sent to PAEC Florida Buy by the Vendor after completion of the service or installation. The Vendor has (30) thirty days to forward this purchase order. This will insure compliance of the contract.

Vendor makes all deliveries and installations of products and services. PAEC Florida Buy does not warehouse items. All participating Vendors agree to and are subject to audit proceedings of the AEPA sales to members.
The Vendors price will include a (2%) administrative fee that the Vendor shall collect from the member and remit to PAEC Florida Buy on a quarterly basis. The Vendor will produce and provide to PAEC Florida Buy quarterly reports ending March 31, June 30, September 30 and December 31 throughout the contract period. The reports shall identify the Vendor and the quarter being reported, shall include a minimum of the fields listed below:

1. Date of Order
2. School district
3. List or academic price sales totals
4. PAEC Florida Buy price sales totals

5. Member savings total

Quarterly reports and administrative fee payments to PAEC Florida Buy are due the 15th of the succeeding month, and all checks are to be made payable to the Panhandle Area Educational Consortium and sent to: PAEC, 753 West Blvd, Chipley, Florida 32428 and Attention: Florida Buy. PAEC may designate another agent for collecting and administrative fee that will be negotiated with Vendor for e-commerce transactions.

C. Agency Members Purchasing Under The Member Agency

The Panhandle Area Educational Consortium is a fourteen-member consortium that includes a voluntary purchasing program developed for schools in Florida. All other school districts in Florida are participating members in the programs of the Panhandle Area Educational Consortium (PAEC), including participation in the statewide cooperative purchasing program. Agencies that use this contract will be in compliance with FS1001.42. PAEC was established to provide easily accessible information for our member and participating public school districts and the communities we serve. Since the creation of PAEC in 1967, our school districts have benefitted from shared services made available through leading edge technology. While school districts access our teaching and learning, training and technology, and business operations services in varying degrees of need, all come for the mutually beneficial purpose of reaching their goals together.

5. Georgia, Cooperative Purchasing Agency (CPA)

1. General Overview

a. Cooperative Purchasing Agency is now the AEPA representative for the state of Georgia. In Georgia we advertise our bids on the state procurement registry website:

http://doas.ga.gov/state-purchasing/georgia-procurement-registry-for-local-governments

b. In 1971 several small school systems in North Georgia decided to work together & form **Cooperative Purchasing Agency (CPA)**, a non-profit organization built by & for the school systems to combine their purchasing power. As a division of North Georgia, Northeast Georgia, & Pioneer RESA; Pioneer RESA serves as our fiscal agent and as such we currently show up on the Georgia Procurement Registry as Pioneer RESA. CPA serves as a purchasing agent for classroom & office supplies for its 35-member school systems plus neighboring ones who choose to take advantage of cooperative buying. CPA also serves as a recipient agency for USDA commodities that member systems receive through the USDA school lunch program. In addition to items included in our catalog & website, CPA has access to brands, custom items, & entire product categories that meet systems' office & classroom needs – including furniture options (indoor & outdoor), playground equipment, shelving installations, print supplies, & more.

2. Additional Participating Agency Terms and Conditions for Construction Related Products and Services

a. Georgia requires all local school boards to post any bids requiring capital improvements / public works construction over $100,000.00 to be posted on the Georgia procurement website, regardless of who they are purchasing through.

3. Local Government Provisions - Provisions Applicable to Counties, Municipal Corporations, And Other Governmental Entities

§ 36-91-20. Written contract required; advertising; competitive sealed bidding; timing of addendums; prequalification

a. All public works construction contracts subject to this chapter entered into by a governmental entity with private persons or entities shall be in writing and on file and available for public inspection at a place designated by such governmental entity. Municipalities and consolidated governments shall execute and enter into contracts in the manner provided in applicable local legislation or by ordinance.

b. Prior to entering into a public works construction contract other than those exempted by Code Section 36-91-22, a governmental entity shall publicly advertise the contract opportunity. Such notice shall be posted conspicuously in the governing authority's office and shall be advertised in the legal organ of the county or by electronic means on an Internet website of the governmental entity or an Internet website identified by the governmental entity which may include the Georgia Procurement Registry as provided by Code Section 50-5-69.

i. Contract opportunities that are advertised in the legal organ shall be advertised a minimum of two times, with the first advertisement occurring at least four weeks prior to the opening of the sealed bids or proposals. The second advertisement shall follow no earlier than two weeks from the first advertisement.

ii. Contract opportunities that are advertised solely on the Internet shall be posted continuously for at least four weeks prior to the opening of sealed bids or proposals. Inadvertent or unintentional loss of Internet service during the advertisement period shall not require the contract award or bid or proposal opening to be delayed.

iii. Contract opportunities that will be awarded by competitive sealed bids shall have plans and specifications available on the first day of the advertisement and shall be open to inspection by the public. The plans and specifications shall indicate if the project will be awarded by base bid or base bid plus selected alternates and:

1. A statement listing whether all anticipated federal, state, or local permits required for the project have been obtained or an indication of the status of the application for each such permit including when it is expected to be obtained; and
2. A statement listing whether all anticipated rights of way and easements required for the project have been obtained or an indication of the status as to when each such rights of way or easements are expected to be obtained.

iv. Contract opportunities that will be awarded by competitive sealed proposals shall be publicly advertised with a request for proposals which request shall include conceptual program information in the request for proposals describing the requested services in a level of detail appropriate to the project delivery method selected for the project.

v. The advertisement shall include such details and specifications as will enable the public to know the extent and character of the work to be done.

vi. All required notices of advertisement shall also advise of any mandatory prequalification requirements or pre-bid conferences as well as any federal requirements pursuant to subsection (d) of Code Section 36-91-22. Any advertisement which provides notice of a mandatory prebid conference or prequalification shall provide reasonable advance notice of said conference or for the submittal of such prequalification information.

c. Governmental entities are authorized to utilize any construction delivery method, provided that all public works construction contracts subject to the requirements of this chapter that:

i. Place the bidder or offeror at risk for construction; and

ii. Require labor or building materials in the execution of the contract shall be awarded on the basis of competitive sealed bidding or competitive sealed proposals. Governmental entities shall have the authority to reject all bids or proposals or any bid or proposal that is nonresponsive or not responsible and to waive technicalities and informalities.

d. No governmental entity shall issue or cause to be issued any addenda modifying plans and specifications within a period of 72 hours prior to the advertised time for the opening bids or proposals, excluding Saturdays, Sundays, and legal holidays. However, if the necessity arises to issue an addendum modifying plans and specifications within the 72 hour period prior to the advertised time for the opening of bids or proposals, excluding Saturdays, Sundays, and legal holidays, then the opening of bids or proposals shall be extended at least 72 hours, excluding Saturdays, Sundays, and legal holidays, from the date of the original bid or proposal opening without need to readvertise as required by subsection (b) of this Code section.

e. Bid and contract documents may contain provisions authorizing the issuance of change orders, without the necessity of additional requests for bids or proposals, within the scope of the project when appropriate or necessary in the performance of the contract. Change orders may not be used to evade the purposes of this article.

f. Any governmental entity may, in its discretion, adopt a process for mandatory prequalification of prospective bidders or offerors; provided, however, that:
    i. Criteria for prequalification must be reasonably related to the project or the quality of work;
    ii. Criteria for prequalification must be available to any prospective bidder or offeror requesting such information for each project that requires prequalification;
    iii. Any prequalification process must include a method of notifying prospective bidders or offerors of the criteria for or limitations to prequalification; and
    iv. Any prequalification process must include a procedure for a disqualified bidder to respond to his or her disqualification to a representative of the governmental entity; provided, however, that such procedure shall not be construed to require the governmental entity to provide a formal appeals procedure. A prequalified bidder or offeror can not be later disqualified without cause. History Code 1981, § 36-91-20, enacted by Ga. L. 2000, p. 498, § 1; Ga. L. 2001, p. 820, § 12; Ga. L. 2007, p. 640, §

6. Illinois

The following State Specific Terms and Conditions shall apply to all contracts involving public schools and/or other educational entities operating in Illinois, (hereinafter "Illinois Customers") and shall prevail over any General Terms and Conditions if/when they differ.

Illinois Law to Govern.

The Agreement, as modified by these Illinois Terms & Conditions, is (and shall be) governed by, construed under, subject to compliance with, and interpreted in accordance with, the laws and regulations of the State of Illinois, expressly including, (but not limited to): the Illinois School Code, 105 ILCS 5/1-1 *et seq*.; its procurement and bidding standards and prerequisites delineated at 105 ILCS 5/10-20.21; the Illinois Public Officer Prohibited Activities Act, 50 ILCS 105/0.01 *et seq.*; the Illinois Criminal Code, 720 ILCS 5/1-1 *et seq.*; its prohibitions against interference with public contracting delineated at 720 ILCS 5/33E-1, *et seq.*; the Illinois State Officials and Employees Ethics Act, 5 ILCS 430/1 *et seq.*; the Illinois Public Officer Prohibited Activities Act, 50 ILCS 105/1 *et seq.*; the Illinois Drug-Free Workplace Act, 30 ILCS 580/1 *et seq.,;* the Illinois Business Enterprises for Minorities, Females and Persons with Disabilities Act, 30 ILCS 575/0.01 *et seq.*; the Illinois Human Rights Act, 775 ILCS 5/2-105 *et seq.;* and policies of the Illinois Customer relating to the subject matter of the Agreement with Contractor.

When Contractor and/or its agents will be on an Illinois Customer's premises (whether for delivery, installation, the provision of contractual services, or otherwise), Contractor shall also comply in all respects with: all background check requirements set forth at 105 ILCS 5/10-21.9; the Illinois Smoke Free Illinois Act, 410 ILCS 82/1 *et seq.,* and the Illinois Firearm Concealed Carry Act, 430 ILCS 66/1 *et seq.*

Any contractual payment requested of an Illinois Customer shall be invoiced, processed, and remitted to a Contractor in accordance with the requirements and provisions of the Illinois Local Government Prompt Payment Act, 50 ILCS 505/1 *et seq*.

This Agreement shall be construed and incorporated in accordance with the laws of the State of Illinois, regardless of any choice of law provision that might otherwise authorize construction of its terms in accordance with the law(s) of another state, states, or federal law.

By entering into this Agreement with an Illinois Customer, the Contractor's signature on the executed contract shall serve as Contractor's certification of Contractor's compliance with the foregoing laws and all requirements thereunder.

Entire Agreement and Construction

The Agreement, as modified by these Illinois Terms & Conditions, represents the entire agreement between Contractor and the Illinois Customer, and supersedes all prior negotiations or agreements, written or oral, which are not included herein. This Agreement may only be amended by written instrument executed by the Illinois Customer and Contractor. In the event of a conflict between the Agreement, as modified by these Illinois Terms & Conditions, and a proposal from Contractor, the terms of this modified Agreement will take precedence.

Each party has reviewed and approved the Agreement, and no rule of construction that resolves ambiguities against the drafting party will be employed in the interpretation of this Agreement.

Dispute Resolution.

Any dispute arising in any manner hereunder shall be subject to resolution by litigation, unless all involved parties consent to an alternative means of dispute resolution. Venue for any legal action brought hereunder shall be the Illinois state circuit court of the county in which the Illinois Customer's administrative office is located or (if different and only if the Illinois Customer so elects) the Illinois state circuit court of the county where the Project is performed. Any provision of the General Terms purporting to change, limit, restrict, or shorten any Illinois period of repose and/or the duration of any applicable Illinois stature of limitation shall be of no force or effect against an Illinois Customer, it being understood by the parties that the Illinois periods of repose and statutes of limitation applicable to the subject matter hereof shall govern actions relating to this Agreement. No provision from the General Conditions shall limit, restrict, or shorten the duration of any period of repose or statute of limitation applicable under Illinois law.

Termination of the Agreement.

The Illinois Customer may terminate this Agreement at any time, in whole or in part, with or without cause, upon providing written notice to Contractor. If this Agreement is terminated by the Illinois Contractor for cause, the Contractor shall be liable to the Owner for any increase in cost incurred by the Owner in replacing the goods under contract and/or completing the contractual work, and for any additional or other damages the Illinois Customer suffers. In the event this Agreement is terminated by the Illinois Customer solely for the Illinois Customer's convenience, Contractor shall be compensated for items properly provided and/or work properly rendered through the date of termination, as can be documented to the reasonable satisfaction of the Illinois Customer. The Illinois Customer shall have no liability to Contractor beyond the date of termination. In no event shall Contractor be compensated for anticipated profit or lost opportunity.

Insurance and Indemnification Provisions.
Contractor hereby agrees to indemnify and hold the Illinois Customer, its board members, officers, agents, employees, administrators, attorneys, and any other parties designated by the Illinois Customer (hereinafter collectively called the AIndemnitees@) harmless from all losses, claims, liabilities, injuries, damages and expenses, including (but not limited to) all attorneys= fees and defense and court costs and expenses, that the Indemnitees may incur arising out of, or occurring in connection with, the performance, acts, omissions, negligence, willful and/or wanton behavior, and/or breaches by Contractor of its duties and obligations under or pursuant to this Agreement. This indemnification obligation shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Contractor or a Subcontractor under workers= or workmen=s compensation acts, disability benefit acts or other employee benefit acts.

Contractor shall procure, at no expense to the Illinois Customer, the insurance coverages set forth in the General Conditions. In each such instance, Contractor shall, by endorsement, name the Illinois Customer as an additional insured and shall provide copies of said policies and endorsements to the Illinois Customer prior to commencement under this Agreement.

Funding Contingencies for Multi-Year Projects.
All contracts with Illinois Customers that call for performance, or otherwise extend, beyond the Illinois Customers' current fiscal year, are, and shall be, expressly contingent upon annual appropriations. In the event an Illinois Customer's entry into an Agreement with Contractor constitutes a lease purchase (whether for financing purposes or otherwise), that Agreement shall be subject to the provisions of 105 ILCS 5/10-22.25a in addition to all other terms set forth in this Agreement.

Warranties and Claims.
No provision(s) set forth in the General Conditions shall serve to limit the Contractor's liability with respect to damages of any sort (whether actual, incidental, consequential, or otherwise) suffered by an Illinois Customer, nor will any disclaimer of warranties be effective against an Illinois Customer.

Attorney Fee Provisions.
No provision providing for the payment of prevailing party costs and expenses (including legal fees) resulting from litigation or other method of dispute resolution shall be applicable to Illinois Customers.

Automatic Renewals.
No provision calling for automatic renewals or "evergreen" renewals, (wherein the term of the agreement automatically renews for a period beyond the initial term unless a party provides affirmative advance notice of termination to the other party) shall be effective in an Agreement with an Illinois Customer, it being the parties' understanding, instead, that the contractual arrangements with Illinois Customers will terminate upon completion of the initial term or satisfaction of the original scope, unless the parties subsequently and affirmatively agree to supplemental renewal provisions.

Successors and Assigns; No Subcontracting.
Contractor shall not assign any rights under, or interest in, this Agreement, nor may Contractor subcontract any duties arising hereunder, without the prior written consent of the Illinois Customer. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Indiana, Wilson Education Service Center (WESC)

A. Additional Agency Terms and Conditions
Participating entities and approved vendors must be in full compliance with statutory requirements of all applicable federal, state, and local laws, rules, regulations, and ordinances including applicable public works and prevailing wage projects. All provisions required thereby to be included herein and are hereby incorporated for reference. This contract shall be construed in accordance with and governed by the laws of the State of Indiana. Awarded pricing must be made available to all participating entities regardless of size.

B. Procedure for Processing Orders
Wilson Education Service Center will inform all public school corporations, private/parochial schools, charter schools, nonprofit entities, municipalities, other governmental entities and higher education entities of contract awards via web sites and various marketing strategies. Vendors will have the primary responsibility to market contracts to eligible buyers within Indiana. After contracts are awarded and product information is available on our e-procurement sites vendors are free to contact eligible buyers and vice versa. The Wilson Education Service Center utilizes an e-procurement facilitation system as the primary mechanism for ordering and the primary method of marketing. Vendors are required to use the IAESC Procurement System and GovPro systems upon award. A 2.25% administrative fee will be assessed on gross monthly sales for IAESC Procurement (used by schools) and a 3.25% administrative fee will be assessed on gross monthly sales on GovPro (all other entities) after a 1% price increase. Vendors shall not include shipping and handling charges, federal excise tax, or state sales tax on invoices. Taxes do not apply to purchases by the participating entities. All participating entities have a "Not for Profit Tax Exemption Certificate" which will be furnished by the buyer upon request by the vendor. Quantities shipped in excess of quantities designated in the Purchase Order, or unapproved product substitutions will be returned at the vendor's expense.

C. Members Purchasing Under the Agency
All public school corporations, private/parochial schools, charter schools, nonprofit entities, municipalities, other governmental entities and higher education entities are eligible buyers. The Wilson Education Center as established by Indiana Code 20-1-11.3-1 with Inter-local Agreement Powers as established by Indiana Code 36-1-7-2 represents all eligible buyers in this program within Indiana.

8. Iowa, AEA Purchasing

A. *Additional Member Agency General Terms and Conditions that apply for all categories*

Right to Assign

AEA Purchasing specifically reserves the right, in its sole discretion, to assign and transfer its interest in the Contract with the Vendor Partner, consistent with the terms and conditions of said Contract, to any organization, along with all corresponding duties, responsibilities, and obligations of both parties, and under the terms provided herein.

B. *Additional Member Agency Terms and Conditions for Non-Construction Products and Services*

None.

C. *Additional Member Agency Terms and Conditions for Construction Products and Services*

AEA Purchasing may participate in Construction Products and Services bids through AEPA on a limited basis due to the restrictions mandated in the Iowa Code, Chapter 26 and 573.

D. *Procedure for Processing Orders*

AEA Purchasing's eligible clients follow a standard or electronic ordering process. The awarded Contractor will invoice and deliver products and services directly to AEA Purchasing's eligible clients. All invoices for payment shall be sent directly to the AEA Purchasing eligible client ordering under the terms and conditions of this agreement. The AEA Purchasing eligible client will make payment directly to the awarded Contractor(s). AEA Purchasing does not process any orders.

E. *Agencies Allowed to Purchase under the Member Agency*

- K-12 Public & Private Schools
- Area Education Agencies
- Colleges & Universities
- Public Libraries
- City, County & State Government
- Non-Profit Education Organizations

9. Kansas, Greenbush-Southeast Kansas Education Service Center (SEKESC)

A. Additional Member Agency General Terms and Conditions that apply for **all** categories

Kansas Mandatory Contract Provisions

Terms Herein Controlling Provisions: It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated. Any terms that conflict or could be interpreted to conflict with this attachment are nullified.

Kansas Law and Venue: This contract shall be subject to, governed by, and construed according to the laws of the State of Kansas, and jurisdiction and venue of any suit in connection with this contract shall reside only in courts located in the State of Kansas.

Termination Due To Lack Of Funding Appropriation: If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of the State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.

Disclaimer Of Liability: No provision of this contract will be given effect that attempts to require the State of Kansas or its agencies to defend, hold harmless, or indemnify any contractor or third party for any acts or omissions. The liability of the State of Kansas is defined under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).

Anti-Discrimination Clause: The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of ADA, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.
Contractor agrees to comply with all applicable state and federal anti-discrimination laws.
The provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting State agency cumulatively total $5,000 or less during the fiscal year of such agency.

Acceptance Of Contract: This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.

Arbitration, Damages, Warranties: Notwithstanding any language to the contrary, no interpretation of this contract shall find that the State or its agencies have agreed to binding arbitration, or the payment of damages or penalties. Further, the State of Kansas and its agencies do not agree to pay attorney fees, costs, or late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect that attempts to exclude, modify, disclaim or otherwise attempt to limit any damages available to the State of Kansas or its agencies at law, including but not limited to the implied warranties of merchantability and fitness for a particular purpose.

Representative's Authority To Contract: By signing this contract, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this contract on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.

Responsibility For Taxes: The State of Kansas and its agencies shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.

Insurance: The State of Kansas and its agencies shall not be required to purchase any insurance against loss or damage to property or any other subject matter relating to this contract, nor shall this contract require them to establish a "self-insurance" fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the contractor shall bear the risk of any loss or damage to any property in which the contractor holds title.

Information: **No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.**

The Eleventh Amendment: "The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment."

Campaign Contributions / Lobbying: Funds provided through a grant award or contract shall not be given or received in exchange for the making of a campaign contribution. No part of the funds provided through this contract shall be used to influence or attempt to influence an officer or employee of any State of Kansas agency or a member of the Legislature regarding any pending legislation or the awarding, extension, continuation, renewal, amendment or modification of any government contract, grant, loan, or cooperative agreement.

Assignment - SEKESC Right to Assign
In the event of a cancellation, the SEKESC specifically reserves the right, in its sole discretion, to assign and transfer its interest in any contract, consistent with the terms and conditions of any contract, to any organization, along with all corresponding duties, responsibilities for both parties and provisions contained herein.

Purchase Orders
Any purchase order issued by SEKESC, or one of its eligible entities, is cancelable under provisions of K.S.A. 10-1113. All purchase orders shall be issued by the SEKESC or its participating eligible entities desiring to acquire the products or services under the contract. Said purchase order shall include adequate reference to identify the bid to which it relates.

Marketing

- Awarded Vendor will proactively market the awarded contract to all eligible entities. The SEKESC will enhance the Awarded Vendor's marketing efforts through communication and meetings with eligible entities, participation in marketing events and tradeshows, through its website and social media resources and through day-to-day customer support activities.
- Awarded Vendor will train its professional staff and sales force in the provisions and benefits of the awarded contract. The SEKESC will enhance such effort by providing joint trainings and participating in joint sales calls as needed.
- The SEKESC and Awarded Vendor will jointly design presentations, documents, and other promotional material to assist in the promotion of the awarded contract.
- Awarded Vendor will include the SEKESC (Greenbush) logo on all sales materials targeted to eligible entities for the awarded contract. The SEKESC hereby grants to Awarded Vendor a non-exclusive, revocable, non-transferable, permission to use the SEKESC (Greenbush) name and logo during the term of this Agreement. Likewise, during the term of this agreement, the Awarded Vendor grants the SEKESC (Greenbush) permission to reproduce their name and logo in connection with marketing and promotion of the awarded contract.

B. Additional Member Agency Terms and Conditions for Non-Construction Products and Services
SEKESC has no additional terms and conditions for non-construction products and services.

C. Additional Member Agency Terms and Conditions for Construction Products and Services

K.S.A. 60-1111. Public works bond. (a) Bond by contractor. Except as provided in this section, whenever any public official, under the laws of the state, enters into contract in any sum exceeding $100,000 with any person or persons for the purpose of making any public improvements, or constructing any public building or making repairs on the same, such officer shall take, from the party contracted with, a bond to the state of Kansas with good and sufficient sureties in a sum not less than the sum total in the contract, conditioned that such contractor or the subcontractor of such contractor shall pay all indebtedness incurred for labor furnished, materials, equipment or supplies, used or consumed in connection with or in or about the construction of such public building or in making such public improvements.

A contract which requires a contractor or subcontractor to obtain a payment bond or any other bond shall not require that such bond be obtained from a specific surety, agent, broker or producer. A public official entering into a contract which requires a contractor or subcontractor to obtain a payment bond or any other bond shall not require that such bond be obtained from a specific surety, agent, broker or producer.

(b) Filing and limitations. The bond required under subsection (a) shall be filed with the clerk of the district court of the county in which such public improvement is to be made. When such bond is filed, no lien shall attach under this article. Any liens which have been filed prior to the filing of such bond shall be discharged. Any person to whom there is due any sum for labor or material furnished, as stated in subsection (a), or such person's assigns, may bring an action on such bond for the recovery of such indebtedness but no action shall be brought on such bond after six months from the completion of such public improvements or public buildings.

(c) In any case of a contract for construction, repairs or improvements for the state or a state agency under K.S.A. 75-3739 or 75-3741, and amendments thereto, a certificate of deposit payable to the state may be accepted in accordance with and subject to K.S.A. 60-1112, and amendments thereto. When such certificate of deposit is so accepted, no lien shall attach under this article. Any liens which have been filed prior to the acceptance of such certificate of deposit shall be discharged. Any person to whom there is due any sum for labor furnished, materials, equipment or supplies used or consumed in connection with or for such contract for construction, repairs or improvements shall make a claim therefor with the director of purchases under K.S.A. 60-1112, and amendments thereto.

D. Procedure for Processing Orders

The SEKESC utilizes the following ordering/delivery procedures:

- Purchase orders will be issued by the individual eligible entity.
- Vendors must issue invoices directly to the ordering eligible entity as specified on each purchase order.
- Delivery of all items included in this solicitation will be made to the locations within each eligible entity as will be specified on the purchase order.
- Each order shall contain a packing slip of its contents to assist in prompt processing of payments to Vendor.
- The SEKESC reserves the right to implement a Vendor Quotation Number process for contract awards related to, but not limited, to project-based and construction related proposal activities.

Additionally

- Awarded Vendor agrees to demonstrate the benefit of awarded contract pricing with the SEKESC over alternative options, including other competitive solicitation pricing.
- Awarded Vendor agrees to proactively offer terms and pricing under this agreement to eligible entities and a more effective alternative to the cost and time associated with alternate bids and solicitation.
- When responding to third party procurement solicitations, Awarded Vendor may:
    - Choose not to respond and make this agreement available as an alternative and comparison to the agency's solicitation responses.
    - Respond with pricing, terms, and conditions of this agreement. If awarded the contract, sales will be reported as defined in the solicitation.
    - Provide lower prices when the competitive process requires without being required to extend the lower pricing to all eligible entities. In such case, if Awarded Vendor is awarded the contract, the sales will be reported as defined in the solicitation.
    - Respond to the solicitation with higher pricing than is available through this agreement and if an alternative response is permitted, may offer the pricing under this agreement as an alternative for consideration. If Awarded Vendor is awarded the contract with alternative SEKESC pricing, the resulting sales will be reported as defined in the solicitation.
- Provide notification to the SEKESC of the response to a solicitation, including but not limited to the name of the soliciting agency, general description of scope, timeline, and resulting award or non-award. Such notification shall be submitted to Tina Smith at tina.smith@greenbush.org within 5 business days of the proposal submission and resulting award information within 5 business days of agency's notification to Awarded Vendor.

E. Agencies Allowed to Purchase under the Member Agency

Eligible Entities: Entities eligible to purchase from Southeast Kansas Education Service Center (Greenbush) cooperative purchasing contracts include but may not be limited to:

- K-12 Public Schools
- K-12 Private Schools
- Colleges & Universities
- City, County, and State Governments
- Public Libraries
- Non-profit organizations holding form #501C3

10. Kentucky, Green River Regional Educational Cooperative (GRREC)

A. Additional Member Agency General Terms and Conditions that apply for all categories The Green River Regional Educational Cooperative, Inc. (GRREC) is one of eight educational cooperatives in Kentucky, all of which are participants in the AEPA bids. GRREC serves as contact agency for all AEPA correspondence for all eight educational cooperatives. For the Kentucky Educational Cooperatives, the collective bidding process is conducted consistent with KRS Chapter 45A, the Kentucky Model Procurement Code. Contracts with GRREC shall include the provision granting GRREC employees the right to access to the Contractor's records. Vendor Contact: Vendor will designate to GRREC one individual who will represent them to Kentucky Bidding Cooperative members during the agreement period. This contact person will correspond with each ordering member for technical assistance, problems, or questions that may arise. Include instructions if different contacts for different geographical areas are needed; this information will be distributed to Kentucky Bidding Cooperative members upon award of this bid. The following Federal Clauses are required as a part of KY bid documents: 1. CLEANAIR/CLEANWATER A. Vendor Partner agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act as amended (33 U.S.C. §§ 1251 et seq). Vendor Partner agrees to report each violation to the USDA and the appropriate EPA Regional Office.

B. Vendor Partner agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq. Vendor Partner agrees to report each violation to the USDA and the appropriate EPA Regional Office. 2. SUSPENSIONANDDEBARMENT Vendor Partner understands that a contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235),"Debarment and Suspension." By signing and submitting its bid or proposal, the bidder or proposer certifies as follows: The certification in this clause is a material representation of fact relied upon by GRREC. If it is later determined that Vendor Partner knowingly rendered an erroneous certification, in addition to remedies available to GRREC, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. Vendor Partner agrees to comply with the requirements of 2 CFR 180.220 while the above referenced contract is valid. Vendor Partner further agrees to include a provision requiring such compliance in its lower tier covered transactions. 3. LOBBYING Vendor Partner will comply with the Byrd Anti–Lobbying Amendment (31 U.S.C. § 1352) and the New Restrictions on Lobbying and has signed and attached to this Addendum the Certificate Regarding Lobbying and, if applicable, the Disclosure of Lobbying Activities (Forms SF-LLL) and annually will sign and submit a certificate, if applicable, Form SF-LLL to GRREC. 4. PROCUREMENTOFRECOVERED MATERIALSPURSUANTTO2 C.F.R. § 200.322 Vendor Partner agrees to comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. 5. BUYAMERICAN "Domestic Commodity or Product" are defined as an agricultural commodity that is produced in the United States and a food product that is processed in the United States using substantial agricultural commodities that are produced in the United States. "Substantial" means that over 51 percent of the final processed product consists of agricultural commodities that were grown domestically. Products from Guam, American Samoa, Virgin Islands, Puerto Rico, and the Northern Mariana Islands are allowed under this provision as territories of the United States. The Buy American provision (7 CFR Part 210.21(d)) is one of the procurement standards School Food Authorities ("SFAs") must comply with when purchasing commercial food products served in the school meals programs. Buy American: AEPA Member Agencies or Participating Entities participating in the federal school meal programs are required to purchase domestic commodities and products for school meals to the maximum extent practicable. Domestic commodity or product means an agricultural commodity that is produced in the US and a food product that is processed in the US substantially (atleast51percent) using agricultural commodities that are produced in the US. Federal regulations require that all foods purchased for Child Nutrition Program be of domestic origin to the maximum extent practicable. While rare, two (2) exceptions may exist when: the product is not produced or Manufactured in the US in sufficient, reasonable and available quantities of a satisfactory quality, such as bananas and pineapple; and competitive proposals reveal the cost of a domestic product is significantly higher than a non-domestic product. ALL products that are normally purchased by Vendor Partner as non-domestic and proposed as part of this contract must be identified with the country of origin. Vendor Partner shall outline their procedures to notify GRREC when products are purchased as non-domestic. Any substitution of a non-domestic product for a domestic product (which was originally a part of the solicitation), must be approved, in writing, by GRREC, prior to the delivery of the product to the AEPA Member Agency or Participating Entities. Any non-domestic product delivered to the AEPA Member Agencies or Participating Entities, without the prior, written approval of GRREC will be rejected. Vendor Partner must affirm its willingness to assert its best and reasonable efforts to ensure compliance with this federal rule.

6. COST REIMBURSEMENTCONTRACTS Solicitation Requirements for cost reimbursable contracts:

A. Allowable costs will be paid from the nonprofit school food service account to the contractor net of all discounts, rebates and other applicable credits accruing to or received by the contractor or any assignee under the contract, to the extent those credits are allocable to the allowable portion of the costs billed to the school food authority;

B. Contractor will separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or (B) Contractor will exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;

C. Contractor's determination of its allowable costs will be made in compliance with the applicable

DepartmentalandProgramregulationsandOfficeofManagementandBudgetcost circulars;
D. Contractor will identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit;
E. Contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract; and F. Contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State agency, or the Department.

B. Additional Member Agency Terms and Conditions for Construction Products and Services
The Contractor and subcontractors shall pay all laborers, workmen and mechanics performing work under this contract not less than the rate of wages set forth in the prevailing wage schedule incorporated in the contract conditions as determined by the Kentucky Department of Labor in accordance with the provisions of KRS 337.505 through KRS337.550. Bidders are informed that construction contracts of the Commonwealth of Kentucky and political subdivisions are not exempt from the provisions of the Kentucky Sales and/or Use Tax. Current sales and/or Use Tax shall be provided for and included in the bid amount as no adjustments will be permitted nor made after receipt of bids.
1. It should be noted that where performance bonds are required, it should include both performance and payment bonds.
2. State Prevailing Wages shall apply for projectsof$250,000.00ormore, or Davis Bacon wages (when federal funds are utilized) if higher than State Prevailing Wages.
3. All work shall be in accordance with necessary approvals from the Kentucky Department of Housing, Buildings and Construction and the Kentucky Building Code.
4. All processes of the project comply with 702 KAR 4:160, the Capital Construction Process, including necessary approvals from the Kentucky Department of Education.
5. Performance and payment bond on AIA document 312 must be provided for all projects that exceed $25,000.(Also provide that the Surety shall comply with state requirements.)
6. In accordance with 702 KAR 4:160, AIA and KDE documents be utilized on all projects including but limited to:
a. A 101 Standard form of Agreement between Owner and Contractor (including KDE amendments)
b. A201 General Conditions of the Standard Form of Agreement between Owner and Contractor (including KDE amendments)
c. AIA A701 Instructions to bidders, with KDE amendment and KDE Form of proposal (may require editing AEPA instructions to bidders to eliminate conflicts).
d. KDE purchase Order (for direct purchase of materials with tax number, to exempt materials from state sales tax)
e. If applicable, where architectural services are provided by the Owner, Form B141, Standard Form of Agreement between Owner and Architect
7. Architectural services shall be provided in accordance with KRS 322.360 and other relevant Kentucky Revised Statutes by the vendor or the Owner at the Owner's preference.

C. Procedure for Processing Orders Once the award is made to the Contractor/vendor, GRREC and Kentucky's other cooperatives will inform their members (school districts and other entities) of the contract by: 1) including the contract in the Current Bids section on their websites and 2) publishing the contract information in catalogs disseminated to all members. A list of members, contact names, addresses and phone numbers is made available to the Contractor. At this point the Contractor/vendor contacts the members and members may contact the Contractor/vendor. When the member identifies a product or service, it will issue a purchase order for that item to the vendor. The vendor's price will include a two percent (2%) administrative fee that the vendor will collect from the member and remit to GRREC on a quarterly basis. Municipal and county governments, and other governmental, quasigovernmental, or nonprofit organization price will reflect a two percent (2%) administrative fee. On the occasion that an AEPA contract awarded by Kentucky is utilized by public school and public non-school entities in other states, purchases in these instances will also reflect a two percent (2%) administrative fee. The vendor will also compile and provide to GRREC a quarterly report showing all purchases made by Kentucky members (with specific detail as to what purchases were made by which members) under this contract. Further, if no purchases are made in any given quarter, the Vendor shall remit a "No Activities" statement to GRREC for that quarter. The vendor will also produce and provide to GRREC an annual summary report for all purchases made under this contract for a period of beginning with the award of the contract through December 31st and all consecutive annual periods if contract is extended. The vendor will make all administrative fee payments to the GRREC by the 15th of the month following the end of the quarter (i. e. April 15th, July 15th, October 15th and January 15th). All checks are to be made payable to GRREC and sent to GRREC, 230 Technology Way, Bowling Green, KY 42101 and Attention: Bids Coordinator. GRREC may designate another agent for collecting an administrative fee that will be negotiated with vendor for e-commerce transaction. GRREC will share information from the quarterly and annual reports and distribute the administrative fee among the other KY Educational Cooperatives according to membership.

D. Members Purchasing under the Agency: Currently there are 8 Bidding Cooperatives in Kentucky and all are participating in this invitation through GRREC's solicitation. There are 170+ independent and county school districts and all are eligible for membership in a Bidding Cooperative and approximately 98% of the districts are members of one of the cooperatives. No district

is obligated to use these services. Additional members may include other public educational institutions in the state, public colleges or universities, community colleges, vocational or technical schools, municipal and county governments, and other governmental, quasi- g o v e r n m e n t a l or non- profit organizations. Kentucky currently shares its AEPA contracts with the following states: AL, LA, MS, NC, and TN. Only those districts or institutions listed on an approved Bidding Cooperative membership list are eligible to purchase under these contracts. This list may change during the contract period

11. **Massachusetts, The Education Cooperative**

This Commonwealth Terms and Conditions form is jointly issued by the Executive Office for Administration and Finance (ANF), the Office of the Comptroller (CTR) and the Operational Services Division (OSD) for use by all Commonwealth of Massachusetts ("State") Departments and Contractors. ***Any changes or electronic alterations by either the Department or the Contractor to the official version of this form, as jointly published by ANF, CTR and OSD, shall be void.*** Upon execution of these Commonwealth Terms and Conditions by the Contractor and filing as prescribed by the Office of the Comptroller, these Commonwealth Terms and Conditions will be incorporated by reference into any Contract for Commodities and Services executed by the Contractor and any State Department, in the absence of a superseding law or regulation requiring a different Contract form. Performance shall include services rendered, obligations due, costs incurred, commodities and deliverables provided and accepted by the Department, programs provided or other commitments authorized under a Contract. A deliverable shall include any tangible product to be delivered as an element of performance under a Contract**.** The Commonwealth is entitled to ownership and possession of all deliverables purchased or developed with State funds. Contract shall mean the Standard Contract Form issued jointly by ANF, CTR and OSD.

1. *Contract Effective Start Date.* Notwithstanding verbal or other representations by the parties, or an earlier start date indicated in a Contract, the effective start date of performance under a Contract shall be the date a Contract has been executed by an authorized signatory of the Contractor, the Department, a later date specified in the Contract or the date of any approvals required by law or regulation, whichever is later.

2. *Payments And Compensation.* The Contractor shall only be compensated for performance delivered and accepted by the Department in accordance with the specific terms and conditions of a Contract. All Contract payments are subject to appropriation pursuant to M.G.L. C. 29, §26, or the availability of sufficient non-appropriated funds for the purposes of a Contract, and shall be subject to intercept pursuant to M.G.L. C. 7A, §3 and 815 CMR 9.00. Overpayments shall be reimbursed by the Contractor or may be offset by the Department from future payments in accordance with state finance law. Acceptance by the Contractor of any payment or partial payment, without any written objection by the Contractor, shall in each instance operate as a release and discharge of the State from all claims, liabilities or other obligations relating to the performance of a Contract.

3. *Contractor Payment Mechanism.* All Contractors will be paid using the Payment Voucher System unless a different payment mechanism is required. The Contractor shall timely submit invoices (Payment Vouchers - Form PV) and supporting documentation as prescribed in a Contract. The Department shall review and return rejected invoices within fifteen (15) days of receipt with a written explanation for rejection. Payments shall be made in accordance with the bill paying policy issued by the Office of the Comptroller and 815 CMR 4.00, provided that payment periods listed in a Contract of less than forty-five (45) days from the date of receipt of an invoice shall be effective only to enable a Department to take advantage of early payment incentives and shall not subject any payment made within the forty-five (45) day period to a penalty. The Contractor Payroll System, shall be used only for "Individual Contractors" who have been determined to be "Contract Employees" as a result of the Department's completion of an Internal Revenue Service SS-8 form in accordance with the Omnibus Budget Reconciliation Act (OBRA) 1990, and shall automatically process all state and federal mandated payroll, tax and retirement deductions.

4. *Contract Termination Or Suspension.* A Contract shall terminate on the date specified in a Contract, unless this date is properly amended in accordance with all applicable laws and regulations prior to this date, or unless terminated or suspended under this Section upon prior written notice to the Contractor. The Department may terminate a Contract without cause and without penalty, or may terminate or suspend a Contract if the Contractor breaches any material term or condition or fails to perform or fulfill any material obligation required by a Contract, or in the event of an elimination of an appropriation or availability of sufficient funds for the purposes of a Contract, or in the event of an unforeseen public emergency mandating immediate Department action. Upon immediate notification to the other party, neither the Department nor the Contractor shall be deemed to be in breach for failure or delay in performance due to Acts of God or other causes factually beyond their control and without their fault or negligence. Subcontractor failure to perform or price increases due to market fluctuations or product availability will not be deemed factually beyond the Contractor's control.

5. *Written Notice*. Any notice shall be deemed delivered and received when submitted in writing in person or when delivered by any other appropriate method evidencing actual receipt by the Department or the Contractor. Any written notice of termination or suspension delivered to the Contractor shall state the effective date and period of the notice, the reasons for the termination or suspension, if applicable, any alleged breach or failure to perform, a reasonable period to cure any alleged breach or failure to perform, if applicable, and any instructions or restrictions concerning allowable activities, costs or expenditures by the Contractor during the notice period.

6. *Confidentiality*. The Contractor shall comply with M.G.L. C. 66A if the Contractor becomes a "holder" of "personal data". The Contractor shall also protect the physical security and restrict any access to personal or other Department data in the Contractor's possession, or used by the Contractor in the performance of a Contract, which shall include, but is not limited to the Department's public records, documents, files, software, equipment or systems.

7. *Record-keeping And Retention, Inspection Of Records.* The Contractor shall maintain records, books, files and other data as specified in a Contract and in such detail as shall properly substantiate claims for payment under a Contract, for a minimum retention period of seven (7) years beginning on the first day after the final payment under a Contract, or such longer period as is necessary for the resolution of any litigation, claim, negotiation, audit or other inquiry involving a Contract. The

Department shall have access, as well as any parties identified under Executive Order 195, during the Contractor's regular business hours and upon reasonable prior notice, to such records, including on-site reviews and reproduction of such records at a reasonable expense.

8. ***Assignment.*** The Contractor may not assign or delegate, in whole or in part, or otherwise transfer any liability, responsibility, obligation, duty or interest under a Contract, with the exception that the Contractor shall be authorized to assign present and prospective claims for money due to the Contractor pursuant to a Contract in accordance with M.G.L. C. 106, §9-318. The Contractor must provide sufficient notice of assignment and supporting documentation to enable the Department to verify and implement the assignment. Payments to third party assignees will be processed as if such payments were being made directly to the Contractor and these payments will be subject to intercept, offset, counter claims or any other Department rights which are available to the Department or the State against the Contractor.

9. ***Subcontracting By Contractor.*** Any subcontract entered into by the Contractor for the purposes of fulfilling the obligations under a Contract must be in writing, authorized in advance by the Department and shall be consistent with and subject to the provisions of these Commonwealth Terms and Conditions and a Contract. Subcontracts will not relieve or discharge the Contractor from any duty, obligation, responsibility or liability arising under a Contract. The Department is entitled to copies of all subcontracts and shall not be bound by any provisions contained in a subcontract to which it is not a party.

10. ***Affirmative Action, Non-Discrimination In Hiring And Employment.*** The Contractor shall comply with all federal and state laws, rules and regulations promoting fair employment practices or prohibiting employment discrimination and unfair labor practices and shall not discriminate in the hiring of any applicant for employment nor shall any qualified employee be demoted, discharged or otherwise subject to discrimination in the tenure, position, promotional opportunities, wages, benefits or terms and conditions of their employment because of race, color, national origin, ancestry, age, sex, religion, disability, handicap, sexual orientation or for exercising any rights afforded by law. The Contractor commits to purchasing supplies and services from certified minority or women-owned businesses, small businesses or businesses owned by socially or economically disadvantaged persons or persons with disabilities.

11. ***Indemnification.*** Unless otherwise exempted by law, the Contractor shall indemnify and hold harmless the State, including the Department, its agents, officers and employees against any and all claims, liabilities and costs for any personal injury or property damages, patent or copyright infringement or other damages that the State may sustain which arise out of or in connection with the Contractor's performance of a Contract, including but not limited to the negligence, reckless or intentional conduct of the Contractor, its agents, officers, employees or subcontractors. The Contractor shall at no time be considered an agent or representative of the Department or the State. After prompt notification of a claim by the State, the Contractor shall have an opportunity to participate in the defense of such claim and any negotiated settlement agreement or judgment. The State shall not be liable for any costs incurred by the Contractor arising under this paragraph. Any indemnification of the Contractor shall be subject to appropriation and applicable law.

12. ***Waivers.*** Forbearance or indulgence in any form or manner by a party shall not be construed as a waiver, nor in any way limit the legal or equitable remedies available to that party. No waiver by either party of any default or breach shall constitute a waiver of any subsequent default or breach.

13. ***Risk Of Loss.*** The Contractor shall bear the risk of loss for any Contractor materials used for a Contract and for all deliverables, Department personal or other data which is in the possession of the Contractor or used by the Contractor in the performance of a Contract until possession, ownership and full legal title to the deliverables are transferred to and accepted by the Department.

14. ***Forum, Choice of Law And Mediation.*** Any actions arising out of a Contract shall be governed by the laws of Massachusetts, and shall be brought and maintained in a State or federal court in Massachusetts which shall have exclusive jurisdiction thereof. The Department, with the approval of the Attorney General's Office, and the Contractor may agree to voluntary mediation through the Massachusetts Office of Dispute Resolution (MODR) of any Contract dispute and will share the costs of such mediation. No legal or equitable rights of the parties shall be limited by this Section.

15. ***Contract Boilerplate Interpretation, Severability, Conflicts With Law, Integration.*** Any amendment or attachment to any Contract which contains conflicting language or has the affect of a deleting, replacing or modifying any printed language of these Commonwealth Terms and Conditions, as officially published by ANF, CTR and OSD, shall be interpreted as superseded by the official printed language. If any provision of a Contract is found to be superseded by state or federal law or regulation, in whole or in part, then both parties shall be relieved of all obligations under that provision only to the extent necessary to comply with the superseding law, provided however, that the remaining provisions of the Contract, or portions thereof, shall be enforced to the fullest extent permitted by law. All amendments must be executed by the parties in accordance with Section 1. of these Commonwealth Terms and Conditions and filed with the original record copy of a Contract as prescribed by CTR. The printed language of the Standard Contract Form, as officially published by ANF, CTR and OSD, which incorporates by reference these Commonwealth Terms and Conditions, shall supersede any conflicting verbal or written agreements relating to the performance of a Contract, or attached thereto, including contract forms, purchase orders or invoices of the Contractor. The order of priority of documents to interpret a Contract shall be as follows: the printed language of the Commonwealth Terms and Conditions, the Standard Contract Form, the Department's Request for Response (RFR) solicitation document and the Contractor's Response to the RFR solicitation, excluding any language stricken by a Department as unacceptable and including any negotiated terms and conditions allowable pursuant to law or regulation.

Prior to award, the Contractor must **certify under the pains and penalties of perjury that it shall comply with these Commonwealth Terms and Conditions for any applicable Contract executed with the Commonwealth as certified by their authorized signatory.**

INSTRUCTIONS FOR FILING THE COMMONWEALTH TERMS AND CONDITIONS

A "Request for Verification of Taxation Reporting Information" form (Massachusetts Substitute W-9 Format), that contains the Contractor's correct TIN, name and legal address information, must be on file with the Office of the Comptroller. If the Contractor has not previously filed this form with the Comptroller, or if the information contained on a previously filed form has changed, please fill out a W-9 form and return it attached to the executed COMMONWEALTH TERMS AND CONDITIONS.

If the Contractor is responding to a Request for Response (RFR), the COMMONWEALTH TERMS AND CONDITIONS must be submitted with the Response to RFR or as specified in the RFR. Otherwise, Departments or Contractors must timely submit the completed and properly executed COMMONWEALTH TERMS AND CONDITIONS (and the W-9 form if applicable) to the***:*** ***Payee and Payments Unit, Office of the Comptroller, 9th Floor, One Ashburton Place, Boston, MA 02108*** in order to record the filing of this form on the MMARS Vendor File. Contractors are required to execute and file this form only once. in order to record the filing of this form on the MMARS Vendor File. Contractors are required to execute and file this form only once.

*12. **Michigan, Oakland Schools, (OS)***

A. Additional Member Agency <u>General Terms and Conditions</u> <u>that apply for all categories</u>:

1. <u>Conflict of Interest</u>
   Contractor shall disclose in writing to Buyer any conflicts of interest with Board members, administrators, and or employees of any Participating Entity (as defined below). A conflict of interest may include, but is not limited to, a financial ownership interest in, or employment with Contractor or Subcontractor by a Participating Entity' Board member, administrator, or employee or their family member. A "family member" means a person's spouse or spouse's sibling or child; a person's sibling or sibling's spouse or child; a person's child or child's spouse; or a person's parent or parent's spouse, and includes these relationships as created by adoption or marriage. Determination of the existence of a conflict of interest does not prohibit the Participating Entity from entering into a contract with the Contractor (MCL 380.634; MCL 15.322 et seq).

2. <u>Iran Economic Sanctions Act</u>
   Public Act 517 of 2012, commonly known as the "Iran Economic Sanctions Act" (the "Act"). The Act provides that beginning April 1, 2013, an "Iran Linked Business" is not eligible to submit a bid on a request for proposal with a "public entity" (OS). The Act also requires that a person that submits a proposal in response to an OS request for proposal must certify to the public entity that it is not an Iran Linked Business. This requirement applies to all requests for proposals issued by OS, and not just to construction projects.

   The Act defines an Iran Linked Business as:
   a. A person engaging in investment activities in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers or products used to construct or maintain pipelines used to transport oil or liquefied natural gas for the energy sector of Iran;
   b. A financial institution that extends credit to another person, if that person will use the credit to engage in investment activities in the energy sector of Iran.

   If the OS determines, using credible information available to the public, that a person or entity has submitted a false certification, OS must provide written notice to the person or entity of its determination and of its intent not to enter into or renew the contract. The notice must include information on how to contest the determination. The notice must also specify that the individual or entity may become eligible for future contracts with the public entity if the activities that caused it to be an Iran Linked Business are ceased.

3. <u>Hazardous Materials</u>
   If any hazardous chemicals are supplied under a contract/purchase order arising out of this solicitation, a Material Safety Data Sheet (MSDS) shall accompany the delivery of any hazardous chemicals supplied by the Contractor. All MSDS sheets shall be sent to the attention of the Participating Entity. Ref: State of Michigan Act 154, Section 14, P.A. 1974 as amended. Copies of MSDS for all purchased hazardous materials must be provided prior to delivery of any items by the Contractor. Additionally, the MSDS needs to be attached to the invoice and all products delivered must be labeled according to Section 14 of Act 154, of the public Acts of 1974, as amended. Any appropriate products not labeled will be refused and the Contractor will be responsible for additional freight charges. Payment may be withheld until the Participating Entity receives the MSDS.

4. <u>Modifications to Contracts</u>
   No modifications to a contract/purchase order with a Participating Entity shall be binding upon such Participating Entity unless agreed to in writing signed by an authorized representative of the Participating Entity.

5. <u>Governing Law</u>
   Any contract arising out of this solicitation shall be governed by and construed under the laws of the State of Michigan. In the event of any legal action to enforce or interpret any contract arising out of <u>this solicitation, the sole and exclusive venue shall be the state or federal court of the local</u> jurisdiction where the Participating Entities located.

B. Additional Member Agency Terms and Conditions for:

1. **<u>Non-Construction Products and Services</u>**:
   All supplies, materials, and equipment sold or leased to Michigan intermediate school districts or K-12 public school districts must be in accordance with MCL 380.623a and 380.1274, respectively. The procurement of supplies, materials and/or equipment in a single transaction costing more than the State of Michigan Competitive Bidding threshold set forth in MCL 380.623a and 380.1274 by an intermediate school districts or K-12 public school districts requires the district to obtain competitive bids and the purchase must be approved by the district's Board of Education.

2. **<u>Construction Products and Services</u>**:
   All Contractors understand and agree that the use of AEPA contracts is not intended for use by Michigan intermediate school districts or public K-12 school districts for construction, renovation or remodeling projects under MCL 380.1267 and agree to

comply with all applicable standards and statutes for said construction projects.

C. Procedure for Processing Orders:

Once the award is made to a Contractor, OS will inform the Participating Entities and Other Agencies of the award by announcing the award through its general and usual methods of disseminating information.

1. OS follows the AEPA Standard Ordering Process (see Part A, General Terms and Conditions for All Agencies, "Ordering Procedures").

2. Contractors shall be required to pay a two percent (2%) administrative fee (the "Fee") based on the total cost of goods or services purchased, including installation and freight, if applicable. In the event of a lease arrangement, the total Fee for the value of goods leased shall be paid to OS by the Contractor at the front end of the lease. Contractor or its designated authorized reseller(s) shall not include any additional amount corresponding to the Fee in the bid responses or awarded prices.

D. Agencies Allowed to Purchase under the Member Agency:

OS serves all local school districts located in Oakland County, Michigan. In addition to, and in accordance with the terms and conditions set forth in this solicitation, all **public school districts, private schools, public school academies, intermediate school districts colleges, universities, counties, cities, townships, villages, and non-profit organization** in the State of Michigan shall be permitted to use AEPA solicitations approved by OS.

It should be clearly understood that OS is assisting these Participating Entities as a service to procure selected supplies, materials and equipment and services desired by the Participating Entity. Both the Contractor and any Participating Entity using this solicitation agree that the OS makes no representation that use of this solicitation by any Participating Entity is, in fact, in compliance with rules, regulations, policy or procedures of the Participating Entity. In this regard, the OS strongly suggests that, at a minimum, the Contractor and any Participating Entity considering such use consult with their own legal counsels before doing so. All Participating Entities using AEPA solicitations shall be responsible for adhering to their own applicable rules, regulations, policies, procedures and state statutes, etc., which may govern the use of cooperative purchasing contracts within their respective jurisdictions.

13. **Minnesota, Cooperative Purchasing Connection (CPC)**

1. General Terms and Conditions (All Categories)

a. **Governing Law:** The laws of the State of Minnesota govern all contracts resulting from this solicitation. Each provision of law and clause required by law to be included in a contract shall be deemed to be inserted herein and the contract shall be read and enforced as though it were included. If through mistake or otherwise any such provision is not included, or is not currently included, then upon application of either party the Contract shall be physically amended to make such inclusion or correction.

b. **Governing Venue:** The resulting contract award shall be deemed to have been made and performed in Otter Tail County, Minnesota. For venue, all legal arbitration or causes for action arising out of the resulting agreement shall be brought to the courts of Otter Tail County, Minnesota.

c. **Hazardous Substances:** All hazardous products purchased by participating agencies shall include a Safety Data Sheet (SDS) with the delivery.

d. **Lease and Rental Agreements:** The Vendor may allow participating agencies to enter into a rental, lease, or lease-purchase agreements, providing such agreements comply with Minnesota Statutes and guidelines. CPC will not collect lease payments or be involved in the terms and conditions of the lease. All lease arrangements are between the Vendor and the participating agency. The Vendor agrees that leases will comply with the Uniform Commercial Code. The applicable administrative fee must be included in the lease cost based on the total value of the goods and applicable services purchased. This fee is referred to under the Technical Specifications. The Vendor should attempt to work with CPC's current leasing vendor. Should the Vendor be required to utilize their own financial leasing company, this should be noted/requested as an exception. In the event of a lease, the total administrative fee for the value of goods shall be paid to CPC by the vendor at the front end of the lease. CPC reserves the right to review all purchase orders, lease documents and invoices to ensure contract compliance.

e. **Non-Discrimination:** Any resulting contract for on or behalf of participating agencies, said Vendor agrees to:

i. That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no contractor, material supplier, or vendor, shall, because of race, creed, or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates;

ii. That no contractor, material supplier, or vendor, shall, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause (1) of this section, or on being hired, prevent, or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed, or color;

iii. That a violation of this section is a misdemeanor; and

iv. That this contract may be canceled or terminated by the state, county, city, town, school board, or any other person authorized to grant the contracts for employment, and all money due, or to become due under the contract, shall be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

f. **Participating Agency:** A participating agency shall be defined under Minnesota Statutes M.S. §471.59, and M.S. §123A.21, Sub. 11 and South Dakota Statutes §5-18A-37. An eligible agency includes any school, higher education, city, county, other governmental agency, nonprofit organization, or other entity contracted to conduct business on behalf of a participating agency provided that they are required to follow state and local procurement regulations.

g. **Prompt Payment:** Participating Agencies will follow M.S. §471.425 regarding prompt payment of local government bills.

h. **Substance Use and Conduct:** All Vendor partners and subcontractors must adhere to local substance (alcohol, drug, smoking, etc.) and conduct (dress code, language, parking, etc.) policies while on a participating agencies' premises.

i. **Vendor Orientation (CPC 101):** The Vendor and their participating resellers/sub-contractors will be required to participate in an online training session that is designed to educate the Vendor and resellers/sub-contractors on the purpose and nature of CPC. The Vendor will not be marketed to participating agencies until they have completed the vendor orientation session.

2. **Additional Participating Agency Terms and Conditions for Non-Construction Products and Services**

If requested by CPC, the contracted vendor will work with CPC to develop an order form, or order forms, containing the most purchased items, that CPC can utilize to market the contracted vendor to its participating agencies.

3. **Additional Participating Agency Terms and Conditions for Construction Related Products and Services**

Upon acceptance and approval of the Vendor's offer by AEPA, CPC will independently consider the offer and consult with the Vendor to determine if the Vendor can meet the requirements for construction- related products and services and to enter and execute a contract in the state of Minnesota. The contracted vendor will be required to work with CPC's participating agencies and require that an architect's signature or certification is noted on the specifications as required by **Minnesota Statute §326.12 subd. 3**. With certain exceptions, **Minnesota Rules part 1800.5200, subpart 1**, requires a licensed architect or

engineer to prepare and certify specifications for building alterations or renovations. Once CPC and the Vendor can confirm that business can be conducted in Minnesota, CPC will make a final decision to complete the contract execution process.

For all quotes provided to participating agencies, for construction-related projects, products, and services, the contracted vendor must also send a duplicate quote to CPC. The quote provided to CPC must include the contact information of the participating agency.

Performance Bond *(for construction and/or installation related projects)*: Performance bonds will be required on all projects valued at fifty-thousand dollars ($50,000) or more in Minnesota and twenty-five thousand dollars ($25,000) or more in South Dakota. All performance bonds will be issued by a corporate surety authorized to do business in the state in which the work will be conducted and by a surety listed in the US Treasury Circular 570. Performance bonds will be posted by the Vendor and submitted to the specific participating agency for the assigned project. Should the contract be the result of a piggyback agreement, performance bonds will reflect each state's bonding requirements.

The Vendor will execute a performance bond in an amount equal to one hundred percent (100%) of the value specified in the contract between the participating agency and the Vendor unless the participating agency requires less to be posted. This bond will protect all persons supplying labor and material to the Vendor for the performance of the work provided in the contract. Subcontractors who may work on the contract may have to provide the Vendor with a performance bond. If the contract price increases after the bond is provided, the participating agency may consider obtaining additional bonds from the Vendor.

The Vendor will deliver the performance bond to the eligible participating agency at the time the contract is executed between the agency and the Vendor. Work will not commence between the Vendor and the eligible participating agency until the performance bond is received by the participating agency and a copy has been sent to CPC via email (info@purchasingconnection.org). The Vendor will be responsible for providing CPC with a copy of all contracts and bonds following CPC purchasing procedures. Should the Vendor fail to satisfactorily perform the contract, the bonding company that provided the performance bond will be required to pay the dollar amount of the bond to the participating agency.

It is the Vendor's responsibility to ensure that they can obtain the required bonding for all construction products based on an awarded contract arising from this solicitation. Payment will not be issued for any project for which the required bonds have not been received.

With said construction-based project, the participating agency may enter into a separate supplemental agreement to further define the level of service requirements over and above the minimum defined in this solicitation and resulting Master Contract Agreement (i.e. project timeline, completion dates, progress payments, delivery requirements, invoice requirements, etc.). Any supplemental agreement developed as a result of the Master Agreement is exclusively between the Vendor and the participating agency. CPC, its agents, members, and employees shall not be a party to any claim for breach of such agreement.

4. **Insurance:**

The Vendor shall purchase, maintain, and provide certification from the insurer for minimal coverage during the life of an awarded contract, to include, but not limited to, comprehensive public and/or commercial liability, errors and omissions, workman's compensation, unemployment, and other insurance coverage required by and applicable to each of CPC's individual state's statutes and federal laws which proposed products and services will be offered and provided. The Vendor shall provide a Certificate of Insurance (COI) from the issuing company or their authorized agent, identifying the coverage required below and identifying CPC as a "Certificate Holder". Any required insurance that is canceled before the expiration date of the contract agreement, the issuing company will send immediate notice to CPC. Respondents shall provide a statement of insurance from the issuing company or their authorized agent with their proposal. The Vendor shall meet the following requirements:

a. Commercial General Liability: $1,000,000 each occurrence, $500,000 annual aggregate
b. Automobile Liability: $1,000,000 each occurrence
c. Workers Compensation: $100,000

CPC reserves the right to consider and accept alternate forms and plans of insurance or to require additional or more extensive coverage for any individual requirement. The Vendor shall provide the COI with their submission.

5. Procedure for Contract Award, Notification and Processing Orders

Once the award is recommended by the AEPA Review Committee, CPC considers the recommendation based on the value of the potential contract for its participating agencies. In the event of an award by the CPC Board of Directors, CPC will inform its participating agencies of the award.

a. The contract will be listed on the CPC website (**www.purchasingconnection.org**).
b. Announcement of the contract award.
c. Upon award and completion of the vendor orientation, CPC will promote the contract opportunity to its membership in one or more of the following ways: websites; agency newsletters; hard copy marketing flier; Email

announcements; contract catalog; and trade shows.

d. CPC will require a marketing flyer, brochure, or other similar marketing pieces, in an editable, electronic format, from each vendor promoting the available contract with the vendor, and/or a web page or link. CPC may assist in the development of the marketing flier and material (if requested by the vendor), but in all cases shall have the authority to review and approve any marketing materials. If a web site is used, the link will be made available from the CPC web page. Any web page or link, or other marketing tools shall be dedicated to CPC and/or AEPA information only.
e. When a participating agency identifies a desired product or service, the agency and the Vendor may negotiate with each other to establish a description of items and/or services. The Vendor shall quote a price to the member, using AEPA established discounts including the two percent (2%) administrative fee in the quoted price not as a separate line item. The administrative fee shall be based upon the total cost of goods and/or services including installation costs.
f. Ordering Methods.
    i. Participating agencies may use two (2) different methods of placing orders from the resulting contract: Purchase Orders (PO's) and procurement cards. The method of payment is at the discretion of the participating agency. Additional surcharges for the use of a procurement card must be clearly outlined.
    ii. A PO may be issued to the Vendor on behalf of the participating agency ordering the services covered under the resulting contract. An issued PO will become part of the resulting contract. The PO indicated that sufficient funds have been obligated toward the purchase.
    iii. Regardless of the method of ordering used, solely the contract and any modification determine performance time and dates.
    iv. Performance under this contract is not to begin until receipt of a PO, procurement card order, or other notification to proceed by the participating agencies to proceed.
g. CPC requires that all participating vendors offer the contract opportunity to all CPC participating agencies.

6. Administrative Fees & Reporting

The administrative fee is to be paid by the Vendor to CPC, quarterly, within 20 working days after the end of each fiscal quarter. The AEPA vendor shall also submit to CPC a sales report, in Excel format, listing the following information:

a. Name of purchasing agency
b. Address of purchasing agency (city, state, zip code)
c. Date of purchase
d. Invoice number
e. Amount of purchase
f. Administrative fee generated by sale
g. Savings generated by sale

This report shall include all sales made and payments received by the vendor in said quarter. The sales report shall be emailed to Melissa Mattson at **mmattson@lcsc.org** and copied to Lori Mittelstadt at **lmittelstadt@lcsc.org.** Payments must be received either via check or authorized ACH. An ACH enrollment/authorization form must be provided to CPC for completion. ACH remittance notification must be sent to the individual indicated on the ACH enrollment/authorization form prior to ACH payment. If mailing a check, the payment shall be delivered to Melissa Mattson, CPC, 1001 East Mt. Faith, Fergus Falls, MN 56537. The check shall be made out to Lakes Country Service Cooperative.

7. **Express Online Marketplace**

CPC provides participating agencies with an online purchasing platform called Express. Through Express, agencies can search for and purchase items. Essentially, Express is a one-stop-shop for many of CPC's commodity-based contracts. The Vendor does not have to have an e-commerce site to be included in Express. Express offers integration into two (2) of the main K-12 school financial systems in Minnesota. CPC expects growth in the number of agencies utilizing the marketplace and the volume of sales to grow significantly. CPC will work with the Vendor to determine if the contract agreement is suitable for the online platform. If deemed suitable, CPC will require integration into Express promptly as outlined in the solicitation.

14. **Missouri, EducationPlus (EDPLUS) [Formerly Cooperating School Districts of the Greater St. Louis Area (CSD)**

A. Additional Agency Terms and Conditions

Lease and Rentals: Vendor may allow EDPLUS members to enter into rental, lease, or lease purchase agreements, providing such agreements are in compliance with Missouri statutes and State Department of Education policies, rules and regulations. EDPLUS must receive a copy of the executed leasing documents prior to processing a purchase order. EDPLUS will not collect lease payments. Bidder agrees that leases will be in compliance with the Uniform Commercial Code. All terms of leasing must be included in the proposal, with interest rates described as related to a government standard. Bidder must indicate in its response to this solicitation if the shipping costs for the return of leased or rented equipment are the responsibility of the EDPLUS member, and what that cost will be. No sale of a contract to a third party will be made without first informing EDPLUS and the EDPLUS member of the sale. If Bidder sells a lease contract to a third party, the cost of return must not be greater than the cost of return to the original vendor. A 2% administrative fee must be included in the lease cost based on the total value of the goods purchased. This fee is referred to under ordering process.

B. Procedure for Processing Orders

(1.) Once the award is made to the vendor, EDPLUS will inform its members (and non-members eligible to purchase from EDPLUS) of the contract by announcing the award in its periodic newsletter and other EDPLUS presentations as well as regular electronic communications.

(2.) EDPLUS may require a marketing flier from each vendor promoting the contract and AEPA relationship. EDPLUS will assist in the development of the marketing flier and material. This flier will be for distribution as well as posting on the EDPLUS website and disseminated to potential customers. Note: EDPLUS requires the awarded vendor to take ownership and actively promote the contract in cooperation with EDPLUS to all qualified customers.

(3.) When the member identifies a desired product or service as available through the AEPA contract and makes a purchase on the EDPLUS online Marketplace or agrees on price as presented to the member by the awarded AEPA vendor, the member then issues to the vendor a purchase order for that item or service.

(4.) The purchase order must include an additional two percent (2%) administrative fee in the total cost, based on the total cost of goods and service including installation and freight if applicable. This fee is to be forwarded by the vendor to EDPLUS after the sale and payment is made to vendor. Payment shall be made to EDPLUS on a quarterly basis along with complete sales history during that period.

(5.) Vendor makes all deliveries and installations of products and services. EDPLUS does not warehouse items nor provide services.

(6.) All participating vendors agree to and are subject to audit proceedings of AEPA member sales.

C. Members Purchasing Under the Agency

We take great pride in the fact that EducationPlus is providing a complete line of purchasing services to our 50+ member school districts and hundreds of additional school districts, educational institutions, and nonprofit organizations throughout Missouri and Illinois. EducationPlus was created in 1928 with its primary focus aimed at improving educational opportunities for all students. Our goal is to promote efficient use of educational dollars, and simultaneously provide an ongoing market for those vendors doing business with EducationPlus. EducationPlus serves schools and political subdivisions in Missouri and Illinois.

D. Governing Law

MO. REV. STAT. §70.220. 1. Any municipality or political subdivision of this state, as herein defined, may contract and cooperate with any other municipality or political subdivision, or with an elective or appointive official thereof, or with a duly authorized agency of the United States, or of this state, or with other states or their municipalities or political subdivisions, or with any private person, firm, association or corporation, for the planning, development, construction, acquisition or operation of any public improvement or facility, or for a common service; provided, that the subject and purposes of any such contract or cooperative action made and entered into by such municipality or political subdivision shall be within the scope of the powers of such municipality or political subdivision.

E. Prohibition Against Boycotting Israel

Vendors signing a contract with EducationPlus will be required to sign a certification stating that the company is not currently engaged in and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel, pursuant to Revised Statutes of Missouri (RSMo) 34.600, known as the "Anti-Discrimination Against Israel Act."

15. **Montana, Montana Cooperative Services (MCS)**

1. General Standards: Purchases by public entities in excess of $80,000 are subject to public bid; purchases under this amount are subject to requirements of public contracts. See Sections 7-5-230 I and 7- 5-2304, Montana Code Annotated (Counties); Sections 7-5-4302 and 7-5-4303, Montana Code Annotated (Municipalities).

Note: purchases of less than $80,000 are not subject to public bid requirements, which provides local government entities with considerable flexibility to make purchases. Public bidding requirements do not appear to prohibit local government entities who are members of AEPA or MCS from soliciting bids from approved vendors for purchases in excess of $80,000.

2. Local Government Cooperative Purchasing Authority: Local governments may also elect to purchase cooperatively through the Montana Department of Administration in lieu of soliciting their own bids. 51 A.G. Op. 15 (2006). Procurement by government entities generally falls within the Montana Procurement Act, Section 18-4-10I, MCA, et seq.

A. Local Governments are authorized to adopt and implement the rules and standards of the Act:

18-4-124. Local government adoption of procurement provisions -- alternative project delivery contracts. (1) A political subdivision or school district may adopt any or all parts of this chapter and the accompanying rules promulgated by the department.

B. Local governmental entities and school districts are specifically authorized to purchase cooperatively in the public interest:

18-4-401. Definitions. As used in this pai1, the following definitions apply:

(1) "Cooperative purchasing" means procurement conducted by or on behalf of more than one public procurement unit.

(2) "Local public procurement unit" means a county, city, town, or other subdivision of the state or a public agency of any such subdivision; public authority; educational, health, or other institution; to the extent provided by law, any other entity that expends public funds for the procurement of supplies and services; and any non profit corporation operating a charitable hospital.

(3) "Public procurement unit" means a local or state public procurement unit of this or any other state, including an agency of the United States, or a tribal procurement unit.

(4) "State public procurement unit" means a state department, agency, or official that expends public funds for the procurement of supplies and services.

(5) "Tribal procurement unit" means a tribal government, tribal entity, or official of a tribal government located in Montana that expends tribal funds or funds administered by a tribe for the procurement of supplies and services to the extent provided by tribal or federal law.

18-4-402. Cooperative purchasing authorized . The department may participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any supplies or services with one or more public procurement units in accordance with an agreement entered into between the participants independent of the requirements of part 3. Cooperative purchasing may include purchasing through federal supply schedules of the United States general services administration, joint or multiparty contracts between public procurement units, open-ended state public procurement unit contracts that are made available to local public procurement units, and competitive contracts established by for-profit, not-for-profit, or nonprofit cooperative entities. (emphasis added).

Note: Cooperative purchasing by local governmental entities may require entering into an agreement with the Montana Department of Administration. This requirement does not appear to preclude local entities from participating as members of purchasing grops.

C. Local governmental entities are authorized to enter agreements with each other in order to purchase cooperatively.

7-11-104. Authorization to create interlocal agreements -- issuance of bonds for joint construction -- hiring of

teacher, specialist, or superintendent. One or more public agencies may contract with any one or more other public agencies to perform any administrative service, activity, or undertaking or to participate in the provision or maintenance of any public infrastructure facility, project, or service, including the issuance of bonds for the joint construction of a facility under 20-9-404, the hiring of a teacher or specialist under 20-4-201 or a superintendent under 20-4-401, or the hiring of or contracting with any other professional person licensed under Title 37, that any of the public agencies entering into the contract is authorized by law to perform. The contract must be authorized and approved by the governing body of each party to the contract. The contract must outline fully the purposes, powers, rights, obligations, and responsibilities of the contracting parties. (emphasis added).

3. School and school district cooperative purchasing authority: Schools and school districts are specifically authorized to purchase cooperatively utilizing qualifying purchasing entities:

"A [school] district may enter into a cooperative purchasing contract for the procurement of supplies or services with one or more districts. A district participating in a cooperative purchasing group may purchase supplies and services through the group without complying with the provisions of [soliciting public bids and awarding a contract] if the cooperative purchasing group has a publicly available master list of items available with pricing included and provides an opportunity at least twice yearly for any vendor, including a Montana vendor, to compete, based on a lowest responsible bidder standard, for inclusion of the vendor's supplies and services on the cooperative purchasing group's master list." Section 20-9-204(4), Montana Code Annotated (emphasis added).

Note: Montana's AEPA member, Montana Cooperative Services, meets all of the statutory requirements of Section 20-9-204(4), MCA, with respect to cooperative purchasing groups.

Cooperative purchasing is another tool in the bag for local governmental entities, including school districts, to acquire services and supplies at better prices than may otherwise be available. Membership in MCS provides access to AEPA-approved vendors as well as in-state suppliers who have been carefully vetted for reliability and quality.

Disclaimer: The above discussion is for informational purposes only and does not constitute legal advice.

16. **Nebraska, Educational Service Unit Coordinating Council (ESUCC)**

A. Additional Agency Terms and Conditions

1) Bid Award Determination: The bidder hereby agrees to these bidding conditions by virtue of submitting this signed document on or before the Bid Opening date as specified below.

2) Natural Gas Contractors: Any bids relating to natural gas shall be based upon an awareness of NEB. REV. STAT. § 75-501, adopted in conformity with Rules, Regulations, and Interpretations of Federal Agencies with authority to regulate pipeline common carriers and interstate commerce.

3) Performance and Payment Bonds: Upon execution of a contract between an ESUCC member and the prime contractor for construction or public improvement, performance and payment bonds described above in the AEPA General Terms and Condition shall be provided to the member. Performance and payment bonds between the member and the prime contractor shall be on standard forms. The prime contractor shall deliver copies of both the performance and payment bonds to ESUCC at the time the contract between the member and the prime contractor is executed. All suits for nonpayment or nonperformance shall be filed as allowed under Nebraska law.

4) Insurance: Contractors shall secure and keep in force during the term of any awarded agreement the following insurance coverages from insurance companies authorized to do business in Nebraska:

- Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of $1,000,000 per person for any number of claims arising out of a single occurrence and $5,000,000 for all claims arising out of a single occurrence.
- Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of $1,000,000 per person for any number of claims arising out of a single occurrence and $5,000,000 for all claims arising out of a single occurrence.
- Workers compensation coverage meeting all statutory requirements.

5) Debarment and Suspension: Contractors shall comply with Executive Orders 12549 and 12689 as applicable. Contractors may be debarred for a period of two (2) years, unless earlier modified by the Special Awards Committee of ESUCC for any of the following conduct: (a.) Repeatedly not following the bid process. (b.) Repeatedly submitting non-responsive bids. (c.) Any behavior, which has as its effect injuring the integrity of the bid process. (d.) Failure to deliver goods pursuant to a successful bid. (e.) Repeated lack of acceptable handling and delivery of goods pursuant to a successful bid. (f.) Repeatedly not meeting delivery deadlines. (g.) Repeated failure to timely rectify damages of goods, or shortages of goods when it is the responsibility of the contractor to take such action. (h.) Conviction of a crime of dishonesty. (i.) Debarment or suspension by any agency or Federal Agency by the contractor or any of its key employees. (j.) Other conducts which materially and adversely affects the services of ESUCC Cooperative Purchasing program.

6) Statement Filed: A bidder who is awarded a contract for any goods or services for public works pursuant to this IFB shall file with ESUCC a statement as required by NEB. REV. STAT. § 73-102.

7) Nondiscrimination: The Contractor and all subcontractors, if any, shall not discriminate against any employee or applicant who is to be employed for performance of any awarded bid or agreement with respect to his or her hire, tenure, terms, conditions, or privileges of employment, because of his race, color, religion, sex, disability, or national origin.

8) Employment Eligibility Verification: The Contractor shall use a federal immigration verification system to determine the work eligibility status of employees hired on or after October 1, 2009 and who are physically performing services within the State of Nebraska. If the Contractor employs or contracts with any subcontractor in connection with any awarded bid or agreement, the Contractor shall include a provision in the contract requiring the subcontractor to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska.

9) Federal Funding. It is understood that purchases may be funded in whole or in part with funds allocated by the Federal government, including the U.S. Department of Education and is therefore subject to those regulations, restrictions, and conditions normally associated with federally funded programs and any other requirements that the state or federal government may prescribe including, but not necessarily limited to, the "Federal Requirements" listed above in the AEPA Terms and Conditions and the following:

- **Lobbying:** The Bidder agrees and understands that under the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) that Bidders that apply or bid for an award of $100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352.
- **Patent Rights:** The USDOE's and any other federal agency's requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course or under this Agreement include, but are not necessarily limited to, 34 CFR Part 80.
- **Copyrights and Right in Data:** The USDOE's and any other federal agency's requirements and regulations pertaining to copyrights and rights in data include, but are not necessarily limited to, 34 CFR Part 80.
- **Access to Documents:** The Parties and their grantees, the USDOE and/or other federal grantor agency, the Comptroller

General of the United States, or any of their duly authorized representatives shall have access to any books, documents, papers, and records of the Bidder which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts, and transcriptions.

- **Energy Policy and Conservation Act:** The parties shall comply with the mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).
- **Buy American:** To the maximum extent practicable, the Bidder will purchase domestic commodities or products produced in the United States or processed substantially using commodities produced in the United States
- **Minority Business Owners**: The ESUCC will contract with minority-owned businesses, women's business enterprises, and labor surplus firms when possible. Steps to ensure compliance with this provision will include:
    - Qualified small, minority, and women's businesses on solicitation lists so that when such businesses are potential vendors, they are included in ESUCC solicitations.
    - Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation for such businesses.
    - Establishing delivery schedules, where requirement permits, which encourage such enterprises
    - Use services of Small Business Administration, Minority Development Agency, or similar state agency to maximize participation.
    - Require prime Bidder, if subcontracts are to be let, to follow the above steps

- **Reporting Notice:** The USDOE's and any other federal agency's requirements and regulations pertaining to reporting include, but are not necessarily limited to, 34 CFR Part 80.
- **Work Hours:** The parties agree to comply with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5) which requires each contractor to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week.
- **Debarment and Suspension:** The parties agree and understand that under Executive Orders 12549 and 12689 that a contract award (see 2 CFR 180.220) must not be made to any party listed on the government-wide Excluded Parties List System in the System for Award Management (SAM).
- **Solid Waste Disposal Act:** The parties agree to comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
- **Remedies:** Contracts for more than the simplified acquisition threshold (currently set at $150,000, but is subject to inflation adjustment) must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

11) Governing Law and Venue: All bids and contracts shall be governed by and construed in accordance with the laws of the State of Nebraska. The venue for any litigation arising out of or related to a bid or contract will be in any eligible state or federal court of Nebraska.

12) Public Records: The Contractor acknowledges that the ESUCC and its affiliated schools and members must comply with NEB. REV. STAT. § 84-712 through § 84-713 and release public records as defined law upon request, which may include any bid documents or contracts and all records created and maintained in relation to them.

13) Conflict of Interest: By submitting a proposal, Contractor certifies that there does not now exist any relationship between the Contractor and any person or entity which is or gives the appearance of a conflict of interest related to this Request for Proposal. The Bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or appearance of conflict of interest. The Bidder certifies that it will not employ any individual known by Bidder to have a conflict of interest.

The Contractor shall not, at any time, recruit or employ any employee or agent who has worked on the Request for Proposal or project, or who had any influence on decisions affecting the Request for Proposal or project.

The submission of the offer did not involve collusion or other anti-competitive practices. Neither signatory nor any person on his behalf, has not agreed, connived or colluded to produce a deceptive show of competition in the matter of the bidding or award of a contract under this solicitation.

The Contractor, by submitting a bid, certifies that it has not had a contract with education organizations in State of Nebraska terminated early. If Contractor has had a contract terminated early within the State of Nebraska, Contractor must provide the contract number, along with an explanation of why the contract was terminated early.

Contractor has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer.

Contractor certifies that Contractor and Contractor's employees, officers, and associates directly involved in obtaining contracts

with the State of Nebraska, ESUCC, or any subdivision of the state have not been convicted of false pretenses, attempted false pretenses, or conspiracy to commit false pretenses, bribery, attempted bribery or conspiracy to bribe under the laws of any state or federal government for acts or omissions after January 1, 1985

ESUCC may cancel any contract if it is found that gratuities in the form of entertainment, gifts or otherwise, were offered or given by Contractor or any agent or representative of Contractor, to any employee of ESUCC with a view toward securing a contract or with respect to the performance of this contract. Paying the expenses of normal business meals, which are generally made available to all eligible school and government employees, shall not be prohibited by this paragraph. Samples of software, equipment or hardware provided to ESUCC for demonstration or evaluation are not considered gratuities.

B. Procedure for Processing Orders

ESUCC affiliated schools or members send their purchase orders both directly and electronically to the vendor, the vendor ships directly to the school/member, and direct bills the schools/members the cost of merchandise plus the ESUCC 2% administrative fee. Vendors must provide a quarterly report to ESUCC Cooperative Purchasing. The report will include: Date of sales, school name, ESU affiliation, selling price, list price and savings. The ESUCC Cooperative Purchasing administrative Fee of 2% will accompany each quarterly report.

C. Members Purchasing Under the Agency

ESUCC represents 17 Educational Service Units statewide who in turn service Nebraska school districts with over 300,000 students. ESUCC is authorized to coordinate purchases for public school districts, nonpublic school systems, other ESUs, and other public agencies, including any county, city, village, school district, or agency of the state government, any drainage district, sanitary and improvement district, or other Municipal Corporation or political subdivision of the State of Nebraska.

D. Procedure for Processing Orders

All purchase orders will be submitted directly from the purchasing entity to the vendor. ESUCC will not facilitate the processing of purchase orders unless the offering is service related. If it is a service related purchase then the purchase order shall be submitted by ESUCC.

E. Agencies Allowed to Purchase under the Member Agency

Purchases through ESUCC contracts are to be primarily for K-12. However other state entities may use the ESUCC contracts. All inquiries to purchase on the behalf of a non-profit group not in state statute or receiving state funding must be approved by ESUCC.

17. **New Jersey, Educational Services Commission of New Jersey (ESCNJ)**

Applicability of Contract Provisions to New Jersey Participants

ESCNJ is the AEPA Member Agency. Any entity that uses the contract awarded by ESCNJ under this document is referred to as a "New Jersey Participant." To be a New Jersey Participant the entity must be a member of the ESCNJ Cooperative Pricing System. The bidder that is awarded the contract by ESCNJ is referred to as the "Contractor."

Once a contract is awarded by ESCNJ, a New Jersey Participant may enter into a purchase order agreement directly with the Contractor. To the extent not otherwise described below or in this document, once a purchase order is issued by a New Jersey Participant to a Contractor, all of the provisions of the contract shall benefit and be enforceable by such New Jersey Participant, unless specifically identified as applying to ESCNJ only.

1. The Bidder by submitting its bid hereby declares that this Bid is made without any connection with any other person or person making any proposal for the same items, that it is in all respects fair and without collusion or fraud and that no person acting for or employed by ESCNJ or a New Jersey Participant is directly or indirectly interested in the proposal or in the goods or services to which it relates, or in any portion of the profits there from.
2. **Event of default and termination of Contract:**
   ESCNJ shall have the right to cancel the contract based upon a default by Contractor. A New Jersey Participant shall have the right to cancel its purchase arrangement based on a default by the Contractor with regard to such purchase arrangement. In addition, ESCNJ and each New Jersey Participant reserves the right to withhold payments for goods and services that are not in compliance with the terms of the contract or if the Contractor is in default. Any of the following shall be a default under the contract: 1) The Contractor fails to adequately perform the services set forth in the contract; 2) Contractor fails to deliver all or any part of the goods, or delivers defective goods; 3) The Contractor fails to make progress in the performance of the contract and/or does not deliver within the agreed-upon schedules; 4) The Contractor fails to observe any of the terms and conditions of the contract, including, without limitation, assigning the contract and/or failing to deliver required insurance or performance bonds; 5) The Contractor fails to follow the established procedure for purchase orders, invoices and receipt of funds as stipulated by the New Jersey Participant; or 6) the Contractor has become insolvent, makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy or is subject to an involuntary petition in bankruptcy not discharged within thirty (30) days. ESCNJ and each New Jersey Participant shall follow the following procedure if the contract or purchase order is to be terminated:
   Step 1 - Issue a warning letter of concern outlining the violations and length of time to correct the problem(s). The length of time to correct the problem shall be determined by ESCNJ or the New Jersey Participant, as applicable, in its sole discretion, based on the problem.
   Step 2 - Issue a letter of intent to cancel the contract or purchase order, if the problem(s) is not resolved by the given date.
   Step 3 - Issue the letter to cancel contract or purchase order.
   Upon receipt of the written notice of concern, the Contractor shall have ten (10) business days to provide a satisfactory response to ESCNJ and the New Jersey Participant that provided the notices. Failure on the part of the Contractor to address adequately all issues or concerns may result in contract cancellation.

   The remedy to terminate and withhold payments is in addition to any other remedies ESCNJ and the New Jersey Participants may have. In the event of Contract termination by a New Jersey Participant, such New Jersey Participant's payment obligation shall cease as of the final date on which services in accordance with this Contract are last performed by the Contractor. Upon termination of this Contract under this section, the Contractor (and its surety) will be responsible for all of such New Jersey Participant's expenses, losses and damages incurred in replacing Contractor for the remainder of the term of the Contract.
3. **Assignment:**
   Contractor shall not subcontract, assign, transfer, convey, sublet or otherwise dispose of its/his/her contractual duties to any other person, firm, or corporation, without the previous written consent of ESCNJ and any New Jersey Participant that has an outstanding open purchase order or financing arrangement. If the Contractor wants to assign its/his/her right to payment of the Contract, Contractor shall notify ESCNJ and any New Jersey Participant that has an outstanding open purchase order or financing arrangement immediately, in writing, of such assignment of right to payment. In no case shall such assignment of Contract relieve the Contractor from its/his/her obligations or change the terms of the Contract.
4. **Indemnification:**
   Contractor shall indemnify, defend, keep and save harmless ESCNJ, each New Jersey Participant and its respective agents, officials, employees and volunteers (each an "Indemnified Party") against claims of injuries, death, damage to property, patent claims, suits, liabilities, judgments, cost and expenses (including attorneys' fees) which result from, arise out of, or in connection with the performance, or breach of performance, under the Contract of Contractor and any of its/his/her employees, agents or personnel. The Contractor shall, at its/his/her own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising there from or incurred in connection therewith; and if any judgment shall be rendered against the Indemnified Party in any such action, the Contractor shall, at its/his/her own expense, satisfy and discharge the same. Contractor expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the Indemnified Party as herein provided.
5. **New Jersey** Participant Policies:
   The Contractor must be familiar with a New Jersey Participant's policies or regulations which affect the services provided under

this Contract and that have been or will be distributed during the term of this Contract. Policies and regulations include, but are not limited to, New Jersey Public Contracts Law, school district policies, municipality policies, charters school policies, and county ordinances.

As each board of education, municipality governmental agency, educational institution in the State of New Jersey may have or may be required to have individual policies and procedures for the procurement of goods and services; and as one of the aforementioned institutions/agencies may be dependent upon the policies/procedures of another institution or agency, it is required for the Contractor to be familiar with the policies of the New Jersey Participant that impact the purchase. In limited situations, there may be State statutes which govern the allowability of purchases to be reimbursed by State funding. The New Jersey Participant should obtain its own legal advice on these statutes prior to purchasing under a contract.

The following documentation will be required prior to the award of any contract for New Jersey Participants:

1. New Jersey Business Registration Certificate - Before award in NJ, not at time of bid
2. New Jersey Contractors Registration Certificate (All time and material bids.) Before award in NJ not at time of bid
3. New Jersey Pay-to-Play Documentation (Political Contribution Disclosure)
4. Statement of Ownership (Ownership Declaration Certification)
5. New Jersey Affirmative Language (Exhibit A) and (Exhibit B) for construction repair and maintenance contracts
6. Acknowledgement of the Contractor's/Vendor's responsibility to pay prevailing wage. http://lwd.dol.state.nj.us/labor/wagehour/wagerate/prevailing_wage_determinations.html (Time and material bids.)
7. New Jersey Affirmative Action Questionnaire/Documentation
8. Disclosure of Investment Activities in Iran - Before award in NJ, not at time of bid
9. Years of experience is not a criterion for the evaluation of bids to be awarded for the State of New Jersey. For additional informationvisitwww.nj.gov/dca/divisions/dlgs
10. W9
11. Certificate of Insurance with the ESCNJ named as insured and the bid title/# listed - Before award in NJ, not at time of bid
12. DPMC - (All time and material bids.) Before award in NJ, not at time of bid
13. Total Amount of Uncompleted Contracts (All time and material bids.) Before award in NJ, not at time of bid
14. Americans with Disabilities ACT of 1990
15. Statement of Suspension or Debarment Form
16. Sworn Contractor Certification; Qualifications Credentials (All time and material bids.)
17. Subcontractor Disclosure Statement (All time and material bids.)
18. Prevailing Wages Certification—Submission with Bid (All time and material bids.)
19. Pre-Qualification Affidavit/No Material Adverse Change (All time and material bids.)
20 Certificate of Authority (All time and material bids.)
21. Assurance of Compliance
22. Contractors licenses (All time and material bids.)
23. New Jersey School Development Authority (All time and material bids.)

6. **Performance Bonds:**
Each New Jersey Participant may require a performance bond in the case of services to be performed under the Contract if required. The Contractor shall furnish to the New Jersey Participant a Surety Performance Bond ("Performance Bond") with an option to renew each succeeding year of the Contract in a form satisfactory to the New Jersey Participant assuring the faithful performance of the Contract. The Bond shall be equal to one hundred percent (100%) of each year's estimated Contract price as reviewed and agreed upon by the New Jersey Participant, and shall be continued for the life of the Contract in amounts equal to one hundred percent (100%) of each year's estimated Contract price as reviewed and agreed upon by the New Jersey Participant. The Contractor must send such Performance Bond to the New Jersey Participant prior to the commencement of any services under the Contract. Each such Performance Bond shall be furnished by a surety company acceptable to the New Jersey Participant and licensed or authorized to do business in New Jersey. Failure to deliver the bond shall be considered a default under the Contract, at the discretion of and upon notice by the New Jersey Participant.

7. **Governing Law:**
This Contract shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey without regard to its conflicts of laws principles.

8. **Financing Arrangements:**
Any financing arrangements (including lease purchasing arrangements) may be made directly between the Contractor and a New Jersey Participant or with the free ESCNJ Leasing Program. Financing arrangements may be subject to additional laws, rules and regulations, terms and conditions not described in this document and are subject to separate negotiation with each New Jersey Participant that is interested in such an arrangement. Each New Jersey Participant should seek its own legal advice prior to entering into a financing arrangement. ESCNJ must receive a report annually summarizing the executed lease purchases along with the summary of the customer purchases. ESCNJ will not collect lease payments or be involved in the terms and conditions of the

Contractor lease. All lease arrangements are between the Contractor and the New Jersey Participant only.

9. **Affirmative Action:**
The Contractor/Vendor must have an employment policy that there shall be no discrimination against anyone on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, physical disability or sexual orientation in the hiring, upgrading, demotions, recruitment, termination and selections for training, in any manner prohibited by the laws of the United States or of the State of New Jersey. The Contractor/Vendor further agrees to be an "affirmative action-equal opportunity employer." The Contractor/Vendor must provide one of the following: "Letter of Federal Affirmative Action Plan Approval", "Certificate of Employee Information Report" or a completed "Employee Information Report Form AA302" prior to award of bid.

10. **Independent Contractor:**
The Contractor shall not be held or deemed in any way to be the agent or employee of ESCNJ and/or a New Jersey Participant. It is the intention of the parties that the Contractor shall be and is to be considered an independent contractor.

11. **Incorporation of Bid Documents:**
The bid documents, including all appendices executed by Contractor that have been accepted by ESCNJ (the "Bid") are specifically incorporated into this Contract.

12. **New Jersey Public Records Act:**
The Contractor acknowledges that ESCNJ and New Jersey Participants are subject to the New Jersey Public Records Act, New Jersey Public Contracts Law and information submitted to ESCNJ and/or such New Jersey Participants may be made available to the public under the provisions of this Act.

Marketing and Advertising under this Contract - applicable to Member Agency (ESCNJ) contract only:

1. Contractor agrees to provide ESCNJ with a copy or proof sheet of all advertisements, customer communications or promotional material for approval. Contractor will provide ESCNJ with date of release and name of publication, journal, etc. if applicable.
2. Contractor will include the approved ESCNJ logo, web address, bid #, bid title, bid term, NJ State Approved Co-op #65MCESCCPS and contact information in all print, electronic mail and other advertising and promotion intended for release in New Jersey.
3. The ESCNJ logo and information shall be of a clearly readable size and in appropriate proportion to other elements in the print material.
4. Contractor agrees to make available ESCNJ supplied brochures or other promotional materials on booths, tables, etc. of any or all exhibits for which the Contractor displays/participates at tradeshows, conventions and the like. Contractor will supply scheduled exhibit dates in advance.
5. Contractor agrees to insert the approved ESCNJ logo, web address, NJ State Approved Co-op #65MCESCCPS bid #, bid term and contact information on the Contractor's website promoting and providing a link to the ESCNJ website. Contractor will also provide ESCNJ with text, links and logos to be posted on the ESCNJ website.

B. **Procedures for Processing Orders**

1. Once the award is made to the Contractor, ESCNJ will inform the potential New Jersey Participants of the Contract, including a webpage dedicated to the contract on the ESCNJ website. At this point, the Contractor may directly contact any potential New Jersey Participant and any potential New Jersey Participant may directly contact the Contractor.
2. Purchase orders will not be accepted or processed by ESCNJ. All business will be contracted directly with the New Jersey Participant, which will issue a purchase order and provide payment for the applicable good or service directly to the Contractor.
3. The total cost of ESCNJ's program is funded through a 2.2% participation fee paid to ESCNJ quarterly by the participating Contractors. The administrative fee percentage is based upon the total sale or lease of goods and services, including installation, if included. This fee shall be included in all price quotations to New Jersey Participants and shall not be printed as a line item on the quotation.
4. Along with the participation fee, the Contractor will produce and provide to ESCNJ quarterly reports ending March 31, June 30, September 30 and December 31 throughout the contract period. The reports shall be in Microsoft Excel and be available in electronic form, shall identify the Contractor and the quarter being reported, shall be delivered to ESCNJ on the 15th of the month, shall include a minimum of the fields listed below and shall allow for sorting on any of these fields:
    1. Date of order.
    2. The name of the New Jersey Participant.
    3. ESCNJ Bid Number
    4. ESCNJ Co-op Number (New Jersey State Approved Cooperative Pricing System #65MCESCCPS)
    5. List (or academic) price sales totals.
    6. New Jersey Participant price sales totals.
    7. New Jersey Participant savings totals to be sent to the ESCNJ in summary and to each individual New Jersey Participant.
5. Quarterly reports and administrative fee payments are to be made payable to ESCNJ and sent to ESCNJ, 1660 Stelton Road, Piscataway, NJ 08854, Attn: Patrick M. Moran, or such other address that ESCNJ will provide from time to time.

6. If no purchases are made in any given quarter, the Contractor shall remit a "No Activities" statement to ESCNJ for that quarter. The Contractor will also produce and provide to ESCNJ an annual summary report for all purchases made under each contract awarded by ESCNJ pursuant to this document for a period beginning with the award of the contract and ending December 31 and all consecutive annual periods, if the contract is extended.
7. New Jersey School Districts and other eligible New Jersey Participants are normally exempt from sales tax. The Contractor/Vendor should confirm this exemption and collect a tax-exempt letter from each New Jersey Participant.

C. Members Purchasing Under the Agency

There are 584 operating school districts in New Jersey and all are eligible for membership. No district is obligated to use these services. Additional New Jersey Participants may include other public educational institutions, public colleges or universities, community colleges, vocational or technical schools, municipal governments, and other governmental, quasi-governmental, or non- profit organizations. The ESCNJ Cooperative Pricing System currently has 1,400+ New Jersey Participants located in all 21 Counties of the State of New Jersey.

CONFLICT OF INTEREST

An ESCNJ employee (including independent contractors for purposes of this definition) placing an order or recommending a vendor must disclose any relationship with that vendor which would not be considered an "arms-length" or independent transaction. This disclosure must be made in writing to the Business Administrator and/or Chief Financial Officer for an evaluation. The Business Administrator and/or the Chief Financial Officer will respond to this disclosure in writing.

For a transaction to be considered "arms-length" or "independent", an ESCNJ employee should not be influenced, dependent upon, guided or controlled by a vendor into choosing that vendor, or item to purchase; nor should it appear to a third party that an ESCNJ employee made a purchasing decision which appears to be based upon a personal relationship between the ESCNJ employee and vendor.

The following are examples when a transaction is NOT considered arms-length or independent: (1) when there exists a personal relationship between an ESCNJ employee and a vendor, (2) when there exists the potential for a personal benefit to an ESCNJ employee, or (3) the parties to a business deal are dependent upon one another for "something" other than the purchase itself.

The Contractor shall disclose any relationship with an ESCNJ employee that would not be considered an "arms-length" or independent transaction, as described above. This disclosure must be made in writing to the Business Administrator and/or the Chief Financial Officer for an evaluation. The Business Administrator and/or the Chief Financial Officer will respond to this disclosure in writing.

In addition, the Contractor shall, if given a copy of the potential New Jersey Participant's conflict of interest policy, follow the process in that policy, or otherwise disclose to a potential New Jersey Participant any relationship that would not be considered an "arms-length" or independent transaction with that New Jersey Participant, as described above. This disclosure must be made in writing to the chief official (for example, the Superintendent at a board of education) at the potential New Jersey Participant.

Determination of the existence of a conflict of interest does not prohibit ESCNJ and/or a New Jersey Participant from entering into the contract and purchase order, respectively.

American Goods - American Goods Clause—N.J.S.A. 18A:18A-20 - American goods and products to be used where possible

All contracts for work for which it will pay any part of the cost or work which by contract it will ultimately own and maintain, that only manufactured and farm products of the United States, wherever available, to be used in such work.

Anti-discrimination - All parties to any contract with the ESCNJ agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. l0:5-1 et seq. and N.J.S.A. l0:5-31 through 10:5-38, and all rules and regulations issued thereunder are hereby incorporated by reference.

Debarment/Suspension - N.J.A.C. 17:19-1.1 et seq. The ESCNJ will not enter into a contract for work with any person, company or firm that is on the State Department of Labor and Workforce Development; Prevailing Wage Debarment List, or the State of New Jersey Consolidated Debarment Report (www.state.nj.us/treasury/debarred) or the Federal System for Award— SA (www.state.nj.us/treasury/debarred) or the Federal System for Award—SA

For Time and Material bids - DPMC - There is a non-refundable fee of $100.00 which must be submitted to the State with your application. All payments must be made on company checks (no-cash) made payable to "Treasurer, State of New Jersey". No application will be processed without the fee. If you have any questions, please contact the Contractor Classification unit by accessing the DPMC web site at www.state.nj.us/treasury/dpmc/ NOTE: It is suggested that a photocopy of this completed form be retained for your records. Please submit the completed application and all required documentation to the Treasurer, State of New Jersey. Upon review and approval of this application, your firm will be notified by mail of the effective and expiration dates, type of work, and rating assigned to your firm. Please submit your certificate with your bid package.

Any contractor who submits a bid for a public works contract the amount which exceeds **$20,000**, pursuant to N.J.S.A. 18A:18A- 26, 27 et seq., shall be classified by the Department of Treasury, Division of Property Management (DPMC) as to the type of work and trades (character) and the aggregate rating (amount) of public work they are qualified to submit bids.

The ESCNJ may only accept bids from contractors that are qualified.

Notice of Classification—DPMC-27

The Notice of Classification is a document issued by the DPMC that provides the following information about the qualified contractor:

- Trade(s) classification held by the contractor

The contractor is classified by the trade and trade number as found in Form DPMC-27. For example

Trade Number	**Trade**
C030	Plumbing
C032	HVACR

The contractor is therefore qualified to submit bids (exceeding $20,000) to the board of education that pertain to plumbing and heating, ventilation, air conditioning and refrigeration.

For Time and Material Bids Equipment Certification 18A:18A-23. A certificate showing that the bidder owns, leases, or controls all the necessary equipment required by the plans, specifications and advertisements under which bids are asked for and if the bidder is not the actual owner or lessee of any such equipment, his certificate shall state the source from which the equipment will be obtained, and shall be accompanied by a certificate from the owner or person in control of the equipment definitely granting to the bidder the control of the equipment required during such time as may be necessary for the completion of that portion of the contract for which it is necessary.

For Time and Material bids - Total Amount of Uncompleted Contracts - DPMC 701

This document is completed by the contractor submitting a bid, on the form provided by the DPMC. The document lists the amount of uncompleted contracts held by the contractor and a certification that the amount of uncompleted contracts, added to the bid amount for the ESCNJ Participant project, does not exceed the Aggregate Amount rating as assigned by the DPMC.

For Time and Material bids - Pre-Qualification Affidavit/No Material Adverse Change

Pursuant to N.J.S.A. 18A:18A-32, no bidder is qualified to bid on any public work contract unless they provide an affidavit that there has been no material adverse change in his qualification information pursuant to N.J.S.A. 18A:18A-28.

For Time and Material bids - Prevailing Wages Certification; Alterations and repairs - The State of New Jersey Prevailing Wage Act, Chapter 150 Laws of 1963 with applicable statewide wage rates and for the wage rates for the county of the location of the New Jersey Participant, as published by the Department of Labor and Workforce Development in conformance with N.J.S.A. 34:11-56-25 et seq. Copies of these wage rates may be obtained from the State Department of Labor and Workforce Development, and/or viewed at http://lwd.dol.state.nj.us/ the Prevailing Wages Determination Section.

For Time and Material bids - Compliance with New Jersey Prevailing Wage Act

Every contractor and subcontractor performing services in connection with this project, shall pay all workers a wage rate not less than the published prevailing wage rates, for the locality the work is being performed, as designated by the New Jersey Department of Labor and Workforce Development.

For Time and Material bids - Certified Payrolls

Every contractor agrees to submit to the New Jersey Participant a certified payroll for each payroll period within ten (10) days of the payment of wages. The contractor further agrees that no payments will be made to the Contractor by the New Jersey Participant, if certified payrolls are not received by the New Jersey Participant. It is the Contractor's responsibility to insure timely receipt by the district of certified payrolls.

For Time and Material bids - Submission of Affidavit

Before final payment, the contractor shall furnish the New Jersey Participant with an affidavit stating that all workers have been paid the prevailing rate of wages in accordance with State of New Jersey requirements. The contractor shall keep an accurate record showing the name, craft, or trade and actual hourly rate of wages paid to each workman employed by him in connection with this work. Upon request, the Contractor(s) and each Subcontractor shall file written statements certifying to the amounts then due and owing to any and all workmen for wages due on account of the work. The statements shall be verified by the oaths of the Contractor or Subcontractor, as the case may be.

For Time and Material bids – <u>Certificate of Authority</u>

All bidders are to submit their Sworn Contractor Certification, a current valid "Certificate of Authority" as issued by the New Jersey Department of Treasury. Reference—N.J.S.A. 18A:7G-37.

Sample Certificate of Authority

STATE OF NEW JERSEY
Certificate of Authority

DIVISION OF TAXATION
TRENTON, N. J. 08695

The person, partnership or corporation named below is hereby authorized to collect
NEW JERSEY SALES & USE TAX

pursuant to N.J.S.A. [redacted]

This authorization is good ONLY for the named person at the location specified herein
This authorization is null and void if any change of ownership or address is effected

Acting Director, Division of Taxation

[redacted]

Tax Registration No. [redacted]
Tax Effective Date 10-15-10
Document Locator No. [redacted]
Date Issued 10-14-10

This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

For Time and Material bids – <u>Contractor Trade Licenses</u>
All bidders are to submit with their proposal all current, valid contractor or trade licenses as issued by the New Jersey Division of Consumer Affairs, for any trade or specialty area the contractor seeks to perform work for this particular proposal.

Sample Contractor Trade License

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

NOT AN ELECTRICIAN'S OR PLUMBER'S LICENSE

State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

THIS IS TO CERTIFY THAT THE
Division of Consumer Affairs

HAS REGISTERED

ABC CONSTRUCTION
123 YOUR BLOCK
ANYTOWN USA

FOR PRACTICE IN NEW JERSEY AS A(N): Home Improvement Contractor

11/01/2013 TO 12/31/2014
VALID

1234567890123
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

DIRECTOR

For Time and Material bids – Contractor's Registation evidence"Public Works Contractor Registration Act"

A. <u>Valid Certificate – Receipt of Bid</u>

All Contractors must adhere to the provisions of the Public Works Contractor Registration Act - N.J.S.A. 34:11-56.48 et. seq. The PWCRA requires that "*No contractor shall bid on any contract for public work as defined in N.J.S.A.34:11-56.26 unless the contractor is registered pursuant to this act."* The law requires that all contractors and sub-contractors named in the proposal possess a valid certificate at the time the proposal is received by the contracting unit, in this case the ESCNJ.

B. <u>Submission of Certificate – Receipt of Bid; Prior to Award--Mandatory</u>

All bidders are requested to submit with the bid package or prior to the award of contract, a current Public Works Contractor Registration Certificate that was issued prior to the receipt of the bid.

The vendor(s) who is deemed to receive the contract award must submit a copy of the current New Jersey Department of Labor and Workforce Development Public Works Contractor Registration Certificate, and if applicable, copies of certifications of all listed subcontractors, prior to the award of contract. **If the successful vendor fails to provide copies of certificates prior to the award of contract, the bid shall be rejected as non-responsive.**

For more information contact:

Contractor Registration Unit
Division of Wage and Hour Compliance
New Jersey Department of Labor & Workforce Development
PO Box 389
Trenton, New Jersey 08625-0389
Tel: 609-292-9464
Fax: 609-633-8591
E-mail: wage.hour@dol.nj.gov
Web site: lwd.dol.state.nj.us/labor/wagehour/content/contact_us.html

For Time and Material bids – NJSDA Prequalification---Pursuant to N.J.S.A. 18A:7G-33, all contractors bidding on any contract for a School Facilities Project as defined in N.J.A.C. 6A:26-1.2, shall be prequalified with the New Jersey School Development Authority in the major construction trades listed in N.J.S.A. 18A:7G-33. Bidders will have to submit a Sworn Contractor Certification attesting to the NJSDA prequalification. Named subcontractors shall also be pre-qualified with the NJSDA—N.J.A.C. 6A:26-4.7 (b) (3).

Maintenance Projects—Contractors are reminded that maintenance projects solely to achieve the design life of a school facility and routine maintenance do not constitute a school facility project and therefor NJSDA prequalification is not a requirement. Reference N.J.A.C. 6A:26-1.2002E

For Time and Material bids – Sworn Contractor's Certification - <u>(Bidder's Certification)</u>
Pursuant to N.J.S.A. 18A:7G-37, a pre-qualified contractor seeking to bid school facilities projects, and any subcontractors, that are required to be named under N.J.S.A. 18A:7G-1 et seq. shall, as a condition of bidding, submit this Sworn Contractor Certification regarding qualifications and credentials. **Failure to complete, sign and submit the certification may lead to the bid being rejected.**

Term of Contract and Extensions: Multiyear contracts – 18A:18A-42
All contracts for the provision of goods or services shall be awarded for a period not to exceed 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 shall be awarded for a period not to exceed 12 consecutive months. Any Board of Education may award a contract for longer periods of time for the listed goods/services as stated in 18:A-18A-5. Any contract for services other than professional services, the statutory length of which contract is for three years or less, may include provisions for no more than one two-year, or two one-year extensions, subject to the following limitations:a. the contract shall be awarded by resolution by the ESCNJ Board Members upon a finding by the ESCNJ that the services are being performed in an effective and efficient manner; b. no such contract shall be extended so that it runs for more than a total of five consecutive years; c. any price included as part of an extension shall be based upon the price of the original contracr as cumulatively adjusted pursuant to any previous adjustment or extension and shall not exceed the change in the index rate for the 12 months preceding the most recent quarterly calculation available at the time the contract is renewed; and d. the terms and conditions of the contact remain substantially the same. All multiyear leases and contracts entered into pursuant to this section, including any two-year or one-year extensions, except contracts for insuance coverages, insurance consultant or administrative services, participation or membership in a joint self-insurance fund, risk management programs or related services of a school board insuance group, participation in an insurance fund established by a county pursuant to N.J.S.40A:10-6 or contracts for thermal energy authorized pursuant to subsection a. above and contracts for the provision of performance of goods and services to promote energy conservation through the production of I renewable energy, authorized pursuant to subsection o. of this section, shall contain a clause making them subject to the availability and appropriation annually of sufficient funds as may be required to meet the extended obligation, or contain an annual cancellation clause. All contracts shall cease to have effect at the end of the contracted period and shall not be extended by any mechanism or provision, unless in conformance with the "Public School Contracts Law" N.J.S.18A:18A-1et seq., except that a contract may be extended by mutual agreement of the parties to the contract when a board of education has commenced rebidding prior to the time the contract expires or when the awarding of a contact is pending a the time the contract expires.

18. **New Mexico, Cooperative Educational Services (CES)**

The following are terms and conditions that apply to CES Members' and Participating Entities' use of products, services and/or construction services procured by this Request for Proposal (RFP) or Request for Bid (RFB). By making use of any products, services and/or construction services procured by this RFP or RFB, the Member or Participating Entity agrees to the following conditions.

Use Conditions

1. The contract terms to be followed by the Contract Holder are those contained in the above referenced RFP or RFB, and Contract Holder will agree to furnish all Products, Services and/or Construction Services in compliance with all terms, conditions, specifications of and amendments to this RFP or RFB. Contract Holder will agree that his obligations under this RFP or RFB contract extend to CES Members and Participating Entities who are third party beneficiaries of this RFP or RFB procurement process. The Members or Participating Entities may negotiate with Contract Holder certain additional terms and conditions relating to the scope of services and other performance details. However, the terms and conditions of the RFP or RFB may not be altered or amended except with the approval of CES and in accordance with the State Procurement Code.

2. CES Member or Participating Entity acknowledges and agrees that CES' purpose and function is to act as a cooperative procurement agent on behalf of its Members and Participating Entities so that they may take advantage of these procurement efforts. CES does not have any subsequent responsibility relating to the quality and fitness of any Products, or the performance of any Services and Construction Services by Contract Holder. A CES Member or Participating Entity may place purchase orders for Products, Services and/or Construction Services und with the contract holder or in the case of construction CES which, in turn, shall place the purchase order with the Contract Holder. However, any resulting contract between the Contract Holder and a CES Member or Participating Entity does not create any additional obligations on the part of CES.

3. For transactions which involve CES transmitting purchase orders from a Member or Participating Entity to Contract Holder, CES volunteers to act as a payment facilitator to make payments to Contract Holder with funds transferred to CES by the Member or Participating Entity in accordance with CES Member or Participating Entity's written instructions and to provide an accounting of all monies paid or received by CES. For purchase orders sent doirectly to the contract holder or purchase orders sent by CES to the contract holder, CES ~~also~~ volunteers to provide informal mediation services between Contract Holder and CES Member or Participating Entity in the event any dispute arises between them.

4. For purchase order sent to contract holder by CES, upon CES' receipt of funds from the CES Member or Participating Entity, CES has shall apply those funds only as instructed by CES Member or Participating Entity. CES shall incur no liability to CES Member or Participating Entity except for liability arising from CES' own gross negligence or willful misconduct, to the extent allowed by New Mexico law. CES has no obligation or right to involve itself with the manner or method by which Contract Holder provides these Products, Services or Construction Services. Performance is the sole responsibility of Contract Holder.

5. CES Member or Participating Entity agrees that it will not assert any claim against CES in the event a dispute arises regarding the alleged failure of Contract Holder or a CES Member or Participating Entity to perform as provided for any purchase order or other contract between Contract Holder and a CES Member or Participating Entity. This does not include claims against CES based upon the alleged gross negligence or intentional acts of CES.

6. Any liability alleged to lie with CES shall be subject to the immunities and limitations of the New Mexico Tort Claims Act, §§ 41-4-1 et seq, NMSA 1978, as amended.

For the purposes of this solicitation the following terminology shall be defined as indicated below:

1. The terminology: "Agency", "CES Eligible Agency" and "Eligible Agency" are defined as a CES Member, Participating Entity and other entities that may utilize any contract created through this solicitation. Therefore, Agency, CES Eligible Agency, Eligible Agency, Member and Participating Entity are interchangeable.
2. The terminology: "Buyer" is defined as Associiation of Educational Purchasing Agencies "AEPA" as the agency that conducts and performs procurement activities on behalf of CES and CES Agencies in accordance with a CES Joint Power Agreement, and/or a Cooperative Purchasing Agreement and CES policies and procedures.
3. The terminology: "Offeror" is defined as contractor, contract holder, vendor, or supplier and can be used interchangeable.
4. The terminology: Cooperative Educational Services is defined as "CES", "CES Members and Participating Entities". Therefore, CES, Members and Participating Entity are interchangeable.

Acceptance of Delivered Services: The CES Member or Participating Entity will be the determining judge of whether materials and services delivered under the contract satisfy the requirements as identified in the contract order. If there is a dispute between the Offeror and the CES Member or Participating Entity, CES will make the final determination.

Accounts Payable: This is the amount owed to an Offeror by CES due to an accepted delivery of products or services by a CES Member or Participating Entity pursuant to a contract executed as a result of this solicitation. for CES issused purchase orders, the Offeror agrees not to contact the accounts payable department, business manager or executive officer of a CES CES Member or Participating Entity which owes CES payment for a product or service delivered, unless CES has specifically requested

assistance in collecting a past due payment.

Administrative Fee: CES' two percent (2%) administrative fee must be included in the Offeror's net price for all services and deliverables (material, labor rates, reimbursable and other fees/charges) that are invoiced to CES' member. The CES administrative fee will be paid by the Offeror to CES once payment is received from the CES or CES Member or Participating Entity according to the payment schedule established by CES.

Applicable Law: Any contract executed as a result of this solicitation will be governed by the laws of the State of New Mexico, both as to interpretation and performance. Suits pertaining to this contract can be brought only in courts in the State of New Mexico. Offerors doing business with CES must be in compliance with the Federal Civil Rights Acts of 1964 and Title VII of that Act, Rev. 1979. All work under any contract entered into as a result of this solicitation will be done in strict accordance with the most recent edition of any relevant regulation, standard, document or code that relates to these laws. Where conflict among the requirements or with these specifications exists, the most stringent requirement will be used.

Arbitration: Any contract executed as a result of this solicitation which requires arbitration, is subject to the extent required by the New Mexico Uniform Arbitration Act, Sections 44-7A-1 to 44-7A-32 NMSA 1978.

Assignees, Mergers, Dissolution and Successors: The Offeror agrees that during the term of the contract, it will maintain its existing business structure and adhere to the terms and provisions of said contract. The parties will be bound by and inure to the benefits of the successors and the respective parties involved, the business structure will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another business structure or permit one or more other business structures to consolidate or merge into it, unless the surviving, resulting, or transferred business structure can:

A. Qualify to do business in the State of New Mexico and holds the appropriate licenses, registrations, etc.;
B. Assume, is capable of, and has the capacity and qualifications and agrees in writing to perform all of the existing and future obligations of the original Offeror;
C. Provide CES with all of the documents required for it to review, evaluate and approve; and
D. Receive CES' written approval.

Assignment of CES Payments: If the Offeror requests that its payment from CES, its Members or Participating Entities be issued to a third party or that a joint check be issued to the Offeror and a third party, this request must be submitted and approved by CES prior to the Offeror accepting a purchase order. CES reserves the right to assess a special handling charge of Thirty-Five Dollars ($35) per check. The special handling charge will be deducted from the amount of the invoice being paid.

Audit Rights: In accordance with applicable State of New Mexico and federal law, the Offeror's books and records related to any process and/or activity that occurs as a result of a contract executed as a result of this solicitation may be inspected by CES and/or the New Mexico State Auditor. Offeror must retain payment records received from CES for a period of (3) years from the date of final payment.

Billing: All invoices will be from the Offeror to CES, its Members or Participating Entities and will list either the CES purchase order number or the CES Member or Participating Entity purchase order number(s) issued. If CES issues the purchase order, the CES Member's or Participating Entity's name must be on the invoice. The Offeror will only issue invoices to CES, CES Member or Participating Entity from which the purchase order was issued. The Offeror will only accept a purchase order from a CES, CES Member or Participating Entity in accordance with the purchasing process identified and agreed to by CES and the Offeror.

Bonds: Bid, Performance and or Payment Bonds, if required, are to be issued by a corporate surety authorized to do business in New Mexico in accordance with the New Mexico Insurance Code and be a surety listed in the US Treasury Circular 570.

Bribes, Gratuities and Kickbacks: The Procurement Code, NMSA 1978 §§ 13-1-28 through 13-1-199, imposes civil and criminal penalties for violation of the statute. In addition, the New Mexico criminal statutes impose felony penalties for illegal acts, including bribes, gratuities and kickbacks.

Campaign Contribution Disclosure Form: Documents used to disclose whether they, a family member, or a representative of the prospective Offeror has made a campaign contribution to an applicable public official of the State or a local public body during the two years prior to the date on which the Offeror submits a proposal (Chapter 81, Laws of 2006). Prior to the Offeror entering into a contract with an individual CES Agency, the Offeror must provide the CES Member or Participating Entity with a Campaign Contribution Disclosure Form.

CES Members: Are the parties to the CES Joint Powers Agreement (JPA) and consist of public educational institutions within the State of New Mexico and include public school districts as defined in NMSA 1978, § 22-1-2, State Institutions as defined in

NMSA 1978, § 22-1-2, State Educational Institutions defined under Article XII, Section 11 of the New Mexico Constitution, most of the community colleges defined by the "Community College Act" as defined in NMSA 1978, § 21-13-1 et seq., their branch community colleges as defined in NMSA 1978, § 21- 14-1 et seq., technical and vocational institutes defined in NMSA 1978, § 21-16-1, area vocational schools defined in NMSA 1978, § 21-17-4, off campus community colleges or instructional facilities as defined in NMSA 1978, § 21- 14A-1, charter schools as defined in NMSA 1978, § 22-8A-1, Regional Center Cooperatives as set forth in Section 22-2B-1 et seq., and 638 schools and grant schools. Each public educational institution is authorized by its governing body and the Procurement Code NMSA 1978, § 13-1-135 to enter into cooperative purchasing agreements, pursuant to NMSA 1978, § 11-1-1 and Sec. 108 of Ch. 65 of the Laws of 1984 (The Procurement Code).

CES Participating Entities: Is defined as public agencies and/or organizations classified as follows that may participate in and purchase tangible personal property, professional, non-professional and construction services through their cooperative purchasing agreement with CES.

A. Federal Agency [25 USC 3001 (4)] is defined as any department, agency, or instrument of the United States, any executive department, military department, government corporation, government-controlled corporation, or other establishment in the executive branch of government, including the Executive Office of the President or any independent regulatory agency established through legislative and/or administrative action.
B. State Agency NMSA 1978, § 13-1-190 is defined as any department, commission, council, board, committee, institution, legislative body, agency, government corporation, educational institution, or office of the executive, legislative, or judicial branch of the government of this State. "State agency" includes the purchasing division of the General Services Department (GSD) and the state purchasing agent but does not include local public bodies.
C. Local Public Body [NMSA 1978, § 13-1-67] is defined as a political subdivision of the State and the agencies, instruments and institutions thereof, including: two-year post-secondary educational institutions, school districts and local school boards and municipalities, except as exempted pursuant to the Procurement Code [NMSA 1978, § 13-1-28].
D. Non-Profit, Non-Public Educational Institutions and other Non-Profit Organizations (Section 501(c)(3) of the Internal Revenue Code, Federal Tax Code) is defined as charitable, religious, educational, public service, support and scientific organizations, entities, corporations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of the Federal Tax Code.

CES Regions: New Mexico is a large state geographically. CES is dividing the State into eight (8) service regions. Contractor can choose which of these service regions of the State they wish to provide products and services. The eight (8) service regions are listed below with the Public-School Districts located in each. Any public educational institution, i.e. BIA schools, charter schools, colleges, universities, community colleges or participating entities physically located within these regions are considered as part of that region.

1. **Region One (1)** – Aztec, Bloomfield, Central, Dulce, Farmington, Gallup-McKinley, and Zuni School Districts; Navajo Preparatory School, Pine Hill Schools, San Juan College, Shiprock Associated Schools, and University of New Mexico - Gallup Branch
2. **Region Two (2)** – Chama Valley, Cuba, Española, Jemez Mountain School, Los Alamos, Mesa Vista, Pecos, Peñasco, Pojoaque Valley, Questa, Santa Fe and Taos School Districts; New Mexico School for the Deaf, Northern New Mexico College, Santa Fe Community College, Santa Fe Indian School, University of New Mexico
   - Los Alamos Branch, and University of New Mexico – Taos Branch
3. **Region Three (3)** – Cimarron, Clayton, Des Moines, Las Vegas City, Maxwell, Mora, Mosquero, Raton, Roy, Santa Rosa, Springer, Wagon Mound and West Las Vegas School Districts; Luna Community College and New Mexico Highlands University
4. **Region Four (4)** – Albuquerque, Belen, Bernalillo, Estancia, Grants-Cibola, Jemez Valley, Los Lunas, Magdalena, Moriarty-Edgewood, Mountainair, Quemado, Rio Rancho, Socorro and Vaughn School Districts; Alamo NavajoSchool, New Mexico CFYD, New Mexico Institute of Mining and Technology, New Mexico State University at Grants, University of New Mexico and University of New Mexico - Valencia Campus
5. **Region Five (5**) – Clovis, Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, Portales, San Jon, Texico, and Tucumcari School Districts; Clovis Community College, Eastern New Mexico University and Mesalands Community College
6. **Region Six (6)** – Artesia, Carlsbad, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Lovington, Roswell and Tatum School Districts; Eastern New Mexico University-Roswell, New Mexico Junior College, New Mexico Military Institute and New Mexico State University at Carlsbad
7. **Region Seven (7)** – Alamogordo, Capitan, Carrizozo, Cloudcroft, Corona, Hondo Valley, Ruidoso, and Tularosa School Districts; Mescalero Apache School, New Mexico School for the Blind and Visually Impaired, New Mexico State University at Alamogordo
8. **Region Eight (8)** – Animas, Cobre, Deming, Gadsden, Hatch Valley, Las Cruces, Lordsburg, Reserve, Silver and Truth or Consequences School Districts; New Mexico State University and Western New Mexico University

Contract: Any agreement for the procurement of items of tangible personal property, construction, professional services and other services.

Contract Term and Extension: The contract term shall be for upto four (4) calendar years and shall continue until terminated, canceled or extended. CES reserves the right to renew the Agreement through a written amendment signed by all required signatories but, in any case shall not exceed the total number of years allowed pursuant to NMSA 1978, § 13-1-150.

Contract Month-to-Month Extensions: CES reserves the right to offer month-to-month extensions if that is determined to be in the best interest of CES, its Members, and Participating Entities but, in any case shall not exceed the total number of years allowed pursuant to NMSA 1978, § 13-1-150 and the Association of Educational Purchasing Agencies (AEPA).

Contractor: An Offeror who has been awarded a contract for delivery of items of tangible personal property, professional services and other services.

Cooperative Procurement: Is authorized under NMSA 1978 § 13-1-135 and this contract is based on the need for CES to provide the economic benefits of volume purchasing and reduction in administrative costs through cooperative purchasing for public educational institutions, Participating Entities, Local Public Bodies and other external procurement units.

Cooperative Procurement Agreement: Is an agreement between CES and a Participating Entity for establishing the procurement method by which Participating Entities may join in cooperative multi-jurisdictional contract to ensure the commitment of each Participating Entity. Further, the Agreement provides an understanding of the contracting process and the organization and operation of this purchasing cooperative (CES).

Credit Hold: The Offeror must agree not to place CES, its Member or Participating Entity on "credit hold" without ten (10) days advanced notice in writing, either by e-mail or letter. When it involves a direct purchase from a Member or Participating Entity, contract holder agrees to copy CES on all collection correspondence. Before CES can pay an Offeror's invoice, it must collect payment from the Member or Participating Entity that received the product. CES believes it is better for the Offeror if CES places the slow-paying agency on "credit hold". If an Offeror places CES on "credit hold," agencies that pay promptly are penalized. If, on the other hand, CES places the offending agency on "credit hold", payment is more likely to result and only the offender is punished.

Default in One Installment to Constitute Total Breach: Offeror will deliver conforming materials in each installment, or lot of any contract, and may not substitute nonconforming materials. CES reserves the right to declare a breach of contract if the Offeror delivers nonconforming materials to any CES Member or Participating Entity under this contract.

Defective Goods: Offeror agrees to pay for return shipment on goods that arrive in a defective or non-operable condition as determined by the CES Member or Participating Entity. Offeror agrees to arrange for return shipment of damaged goods at no cost to the CES Member or Participating Entity.

No Replacement of Defective Tender: Every tender of materials must fully comply with all provisions of this contract. If tender is made which does not fully conform, this will constitute a breach, and Offeror will not have the right to substitute a conforming tender without written consent of all parties involved.

Delivery of Goods and Services: Offeror agrees to supply and deliver the Goods or Services to CES, its Members or Participating Entities and to perform the Services, as applicable per the terms set out in the scope of work. Offeror shall, at its own expense, pack, load, and deliver Goods or Services to the Delivery Point and in accordance with the delivery terms, shipping, packing, and other instructions printed on the CES or CES Member or Participating Entity purchase order or otherwise provided to the Offeror by CES, its Members or Participating Entities in writing. No charges will be allowed for freight, transportation, insurance, shipping, storage, handling, demurrage, cartage, packaging or similar charges unless provided for in the purchase order or otherwise agreed to in writing by CES, its Member orParticipating Entity.

Offeror must immediately notify CES, its Members or Participating Entities if Offeror is unable to meet a Delivery Date. At any time prior to the Delivery Date, CES, its Members or Participating Entities may, upon notice to Offeror, cancel or change a Purchase Order, or any portion thereof, for any reason, including, without limitation, for the convenience of CES, its Members or Participating Entities or due to failure of Offeror to comply with this Agreement, unless otherwise noted.

Title and risk of loss or damage shall pass to CES, its Members or Participating Entities upon receipt of Goods at the Delivery Point, unless otherwise agreed to by the CES, its Members or Participating Entities in writing. CES, its Members or Participating Entities has no obligation to obtain insurance while Goods are in transit from Offeror to the Delivery Point.

Descriptive Literature and Brand Names: Contractor**,** as required by CES, its Members or Participation Entities All include a complete set of the manufacturer's descriptive literature regarding the equipment and software offered. Brand names, trade

names and/or catalog numbers are intended to describe and identify equipment and software.

Disclosure of Confidential Information: Any confidential information provided to the Offeror by CES, its Members or Participating Entities or developed by the Offeror based on information provided by CES, its Members or Participating Entities in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Offeror without the prior written approval of CES, its Members or Participating Entities. Upon termination of this Agreement, Offeror shall deliver all confidential material in its possession to CES, its Members or Participating Entities within thirty (30) business days of such termination. Offeror acknowledges that failure to deliver such confidential information to CES, its Members or Participating Entities will result in direct, special, and incidental damages.

Disclosure of Employment: Offerors will disclose at CES request any and all owners, contractors, or employees who are active employees of CES or are immediate relatives of an employee of CES.

Electronic Data: The product and service provider must be willing and capable of providing to the CES and its Member or Participating Entity, upon request, documents i.e. proposals, communications, test results, reports, design/as-built drawings, presentations, specifications, etc. in an acceptable electronic format as approved by CES or CES Member or Participating Entity.

Estimated Quantities: CES does not guarantee quantities or usage. Usage depends on the actual needs of the CES Members or Participating Entities.

Indemnification Intellectual Property: The Offeror shall defend, at its own expense, CES, its Members and Participating Entities against any claim that any product or service provided under this Agreement infringes any patent, copyright or trademark, and shall pay all costs, damages and attorney's fees that may be awarded as aresult of such claim. In addition, if any third party obtains a judgment against CES, its Members and Participating Entities based upon Offeror's trade secret infringement relating to any product or services provided under this Agreement, the Offeror agrees to reimburse CES, its Members and Participating Entities for all costs, attorneys' fees and the amount of the judgment. To qualify for such defense and/or payment, CES, its Members and Participating Entities shall:

1) Give the Offeror written notice, within forty-eight (48) hours, of its notification of any claim;
2) Allow the Offeror to manage the defense and settlement of the claim as permitted by law; and
3) Cooperate with the Offeror, in a reasonable manner, to facilitate the defense or settlement of the claim. CES, its Members, and Participating Entities Rights: If any product or service becomes, or in the Offeror's opinion is likely to become, the subject of a claim of infringement, the Offeror shall, at its sole expense:
1) Provide CES, its Members and Participating Entities the right to continue using the product or service and fully indemnify CES, its Members and Participating Entities against all claims that may arise out of CES, its Members and Participating Entities use of the product or service;
2) Replace or modify the product or service so that it becomes non-infringing; or
3) Accept the return of the product or service and refund an amount equal to the value of the returned product or service, less the unpaid portion of the purchase price and any other amounts, which are due to the Offeror. The Offeror's obligation will be void as to any product or service modified by CES, its Members and Participating Entities to the extent such modification is the cause of the claim.

Installation: Equipment or products that require professional installation will be installed in coordination with the CES Member or Participating Entity. If delayed, the Offeror will notify in writing both CES and the CES Member or Participating Entity of the revised installation date.

Insurance: Upon contract award, the contractor will, at its own expense, purchase and maintain insurance that will protect it from claims that may arise out of or as a result from its activities under the prospective contract, where those activities are performed by it, by any subcontractor, by anyone directly or indirectly employed by ~~any of~~ the contractor or by anyone for whose acts the contractor may be liable during the entire performance period of the prospective contract. The contractor must furnish an ACORD Certificate of Insurance to the CES. If policy changes occur during the life of the contract, it is the Offeror's responsibility to provide updated proof of coverage to the CES procurement officer.

1. Offerors will submit proof of coverage under the Workman's Compensation Insurance, as required by the Labor Laws and New Mexico Statutes.
2. Offerors will submit a certificate of comprehensive general liability (including endorsements providing broad form property damage, personal injury coverage and contractual assumption of liability for all liability. Limits shall not be less than the following:
    a. Bodily injury: $1,000,000 per person /$1,000,000 per occurrence.
    b. Property damage or combined single limit coverage: $1,000,000.
    c. Automobile liability (including non-owned automobile coverage): $1,000,000.

3. Umbrella: $1,000,000. The Offeror will name CES and the CES Member or Participating Entity as co-insured up to the limits required by New Mexico Statues. Additional punitive damages liability to $500,000 will be provided naming CES as co-insured.
4. Comprehensive Vehicle Liability Insurance, for both owned and non-owned vehicles, shall be one million dollars ($1,000,000) per occurrence combined single limit for both personal injury and property damage.
5. In addition, Offeror must provide, upon request, identical certification of insurance to any CES Member or Participating Entity using this contract. Prior to commencing any work, any subcontractor must procure and maintain at its own expense until final acceptance of the work, insurance coverage in a form and from insurers acceptable to the prime contractor. All subcontractors will provide workers' compensation insurance, which waives all subrogation rights against the prime contractor and CES Member or Participating Entity.

Invoice: Offeror will invoice, either CES, its Member or Participating Entity after acceptance of the delivery of goods and/or services. Goods and services will be invoiced at current contract pricing on file with CES. At a minimum the invoice must include: the contract number, the hourly rate or the catalog/list unit price, the CES discount and the final CES price. All pricing must include the CES two percent (2%) administrative fee embedded into the final CES price. Except for adding shipping or freight costs, the invoice amount cannot exceed the amount of the CES or CES Member or Participating Entity purchase order total. New Mexico Gross Receipts Tax (if applicable) must be shown as a separate line.

Leasing: Contractor may offer CES Members the option to enter into a lease or lease purchase agreements, providing such agreements are in compliance with New Mexico statutes. CES must receive a copy of the executed leasing documents between the leasing agency and the CES Member or Participating Entity. The contractor providing the equipment(s) to the CES Member or Participating Entity that is funded thru a lease option shall pay CES the two percent (2%) administrative fee on the total cost of the equipment(s). The CES administrative is non-refundable should the lease terminate early. CES will not collect lease payments, the CES Member or Participating Entity will make lease payments directly to the leasing agency. All terms of the leasing agreement must be included in the proposal including interest rates as related to a government standard. Contractor must indicate if the shipping costs for the return of leased equipment are the responsibility of the CES Member or Participating Entity and what that cost will be. No sale of a contract to a third party will be made without informing CES and CES Member or Participating Entity of the transfer. If Offeror sells a lease contract to a third party, the cost of return must not be greater than the cost of return to the original Offeror.

A purchase option must be available with each scheduled payment. At lease end, an option to purchase the equipment at fair market value must exist or the CES Member or Participating Entity must return the equipment to the Leasing Agency. As required by New Mexico law, the lease agreement with the CES Member or Participating Entity must contain a termination provision for "Non-Appropriation of Funds." In the event no funds or insufficient funds are appropriated and budgeted by the CES Member or Participating Entity (Lessee) or are otherwise unavailable in any fiscal year for the payment of lease and other amounts due under the lease, the lease shall terminate on the last day of the fiscal period for which appropriations were received under the lease without penalty or expense to Lessee. ~~It is up to~~ The CES Member or Participating Entity shall make the determination if sufficient funds have been appropriated. The CES Member or Participating Entity shall give Lessor or its assignee written notice at least thirty (30) days prior to termination of lease due to Non-Appropriation of Funds.

Legal Remedies: All claims and controversies are subject to the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199.

Licenses: The contractor will maintain in current status all applicable federal, state, and local licenses, bonds, and permits as required for the performance of any contract awarded. Copies of licenses will be submitted by the contractor as required by CES, its Member or Participating Entity.

Liens: All materials and services will be free of all liens.

Limitation of Liability: The contractor's liability to CES or any CES Member or Participating Entity, for any cause whatsoever shall be for the total amount of damages resulting from the Offeror, sub-contractors and/or employees acts that may result in personal injury, property damage or any other damages as identified by CES or its CES Member or Participating Entity caused by the contractor's negligence. The liability of CES or any CES Member or Participating Entity will be subject in all cases to the immunities and limitations of the New Mexico Tort Claims Act, NMSA 1978, § 41-4-1, as amended.

Ordering Process: CES currently offers three (3) procurement/purchasing options: **Traditional Method, Online Ordering Method Through Offeror's Web Site, and Direct Purchase.**

1. Traditional" method, CES Members and Participating Entities will submit signed purchase orders to CES. CES will then issue a purchase order to the Offeror. The Offeror must agree to never accept a purchase order directly from the CES Member or Participating Entity based on this procurement method. The purchase order you receive must be issued by CES.

2. Online ordering through Offeror's website method. Allows the CES Members or Participating Entities to go online and create an order through the Offeror's system; the Offeror delivers the product/services; invoices the CES Member or Participating Entity; the CES Member or Participating Entity pays the Offeror; and the Offeror rebates the CES administrative fee to CES, unless an agreement to deviate from this process has been approved in writing by both parties.
3. Direct Purchase method. The CES Member or Participating Entity makes their purchase order (PO) out to the Offeror and sends it to CES for contract compliance. CES will stamp the PO "Approved" and will forward the PO to the Offeror. This will serve as the "authorization" for the Offeror to proceed with the purchase. Offeror will invoice the CES Member or Participating Entity directly and collect payment. Offeror will remit to CES the CES administrative fee on a monthly basis according to the payment schedule established by CES.

Ownership of Materials and Documents: CES, its Members or Participating Entitiesshall be the sole owner of all rights, title and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter "**materials**") which are originated, produced or created through contractor's work for hire pursuant to a contract with CES Member or Participating Entity. Contractor shall execute all **documents** necessary to assign and transfer to, CES, its Members or Participating Entities all Offeror's rights, title and interest in the original **materials**, including any copyright, patent and trade secret rights which arise pursuant to Offeror's work under said Contract.

Payment by CES: CES will make every effort to collect payment from Members or Participating Entities for the purchase of goods and services within thirty (30) days after the receipt of goods or services and a correct invoice of amount due, unless a good faith dispute exists as to any obligation to pay all or a portion of the amount owed. *Any offeror that requires payment in less than forty-five (45) days may not be considered.* CES must first receive payment from the Member or Participating Entity in order to process payment to the Offeror. If any payment is delayed beyond forty-five (45) days from the due date, the Offeror agrees not to charge CES interest on the late payment.

Payments by CES Member or Participating Entities: For the purchase by a CES Member or Participating Entity directly from the Offeror for goods and services that have been received and accepted. Payment from the Member or Participating Entity to the Offeror will be made within forty-five (45) days after the receipt of a correct invoice, unless a good faith dispute exists as to any obligation to pay all or a portion of the account. If a dispute arises or an agency's account becomes delinquent, the Offeror is encouraged to contact and request assistance from CES. *Any offer that requires payment in less than forty-five (45) days may not beconsidered.*

Payment of Administrative Fee: When a CES Member or Participating Entity issues payment directly to the Offeror for goods and services received and accepted, the Offeror will upon receipt of payment from a CES Member or Participating Entity, issue payment to CES for the CES administrative fee in an amount equal to two percent (2%) of the total invoice amount.

Prime Contractor: Any Contractor paid directly by CES or its Member or Participating Entity is a prime contractor; a subcontractor is paid by the prime contractor. Prime contractors using subcontractors are responsible for all actions of their subcontractors.

Procurement Code: NMSA 1978, §§ 13-1-21 through 13-1-199 may be cited as the "Procurement Code".

Progress Payments: CES, its Members, and Participating Entities may allow progress payments to be made on goods and/or services received and accepted under the following conditions:
1. The CES Member or Participating Entity and the contractor agree to the terms and milestones of the project for progress payments in writing prior to issuing a purchase order to the contractor.
2. The quote or proposal in which the purchase order is based must clearly identify and describe the amount(s) to be paid and the date(s) payment(s) are to be made for the service or goods delivered.
3. The CES Member or Participating Entity will provide a method or criteria of verifying progress payment.
4. The contractor must obtain from the CES Member or Participating Entity a written documentation identifying work completed and goods received to be submitted with progress payment request.
5. Payments will be made only after actual goods and/or services are verified, received, and accepted by the CES Member or Participating Entity.
6. Payments will be made in full compliance with the CES Member or Participating Entity local administrative procedures, policies and any/all other applicable state rules, regulations and statutes.
7. Progress payments involving CES purchase orders must be invoiced through CES. Progress payments involving CES Member or Participating Entity purchase orders must be invoiced by CES Member or Participating Entity.
8. If the estimate of work and/or goods received are not approved and certified by the CES Member or Participating Entity can withhold an amount from the progress payment that reasonably represents the deficiency identified in the Offeror's payment request. In such cases, the contractor agrees to hold CES, its Member or Participating Entity harmless for any deficiency of payment.

9. If any payment is delayed beyond forty-five (45) days from the due date, the contractor agrees not to charge CES, its Member or Participating Entity interest on the late payment.
10. Acceptance of final payment is a waiver of all claims, except unsettled claims previously made in writing.

Quality: Unless otherwise noted in this solicitation, Offeror warrants that for one (1) year after acceptance of the equipment or materials or work performed for the CES Member or Participating Entity, they shall be:

1. Of a quality to pass without objection in the industry or trade normally associated with them;
2. Fit for the intended purpose(s) for which they are used;
3. Of even kind, quantity and quality within each unit and among all units, within the variations permitted by the contract;
4. Adequately contained, packaged and marked as the contract may require; and
5. Conform to the written promises or affirmations of fact made by Offeror.

Safety Measures: Contractor will take all necessary precautions for the safety of CES Member or Participating Entity staff, contractor and subcontractor staff, and the public in general.

Safety Standards: All items supplied to CES Member or Participating Entity will comply with all current and applicable US Federal and State of NM Safety Standards, Statutes, Rules and Regulations.

Sample: Samples may be required prior to awarding a contract and/or prior to entering into an individual project contract. Upon request of CES Member or Participating Entity, the Offeror will provide adequate samples and detailed specifications for any item offered. Samples must be submitted within ten (10) days of request from CES Member or Participating Entity. Samples will be free of charge and submitted and removed at Offeror's expense. Samples will be compared to proposal specifications and evaluated as to materials used in construction, quality and workmanship, durability, adaptability to the use for which the items were intended and overall appearance. Samples received may be held for comparison with deliveries. CES and its Member or Participating Entity will not be held responsible for samples damaged or destroyed in examination or testing. Samples not removed within thirty (30) days after notice to Offeror will be considered abandoned and the CES Member or Participating Entity will have the right to dispose of them.

Shipping Errors: Offeror agrees that shipping errors will be at the expense of the contractor. For example; if the contractor ships a product that was not ordered by the CES Member or Participating Entity, it is the responsibility of the contractor to pay for shipping charges back to the manufacturer or distributor, etc, at the convenience of the CES Member or Participating Entity.

Shipping Terms: FOB Destination, "pre-pay and add "unless otherwise indicated by the CES Member or Participating Entity. The receiving agency will notify CES, the Offeror and/or Freight Company promptly of any damaged goods and will assist the Freight Company/Offeror in arranging for inspection.

Smoking: All Offerors and subcontractors must adhere to CES Member or Participating Entity smoking policies.

Stored Materials: Upon prior written agreement between the Offeror and CES Member or Participating Entity, payment may be made for materials not incorporated in the work but delivered and suitably stored at the site or some other location, for installation at a later date. An inventory of the stored materials must be provided to CES Member or Participating Entity prior to payment. Such materials must be stored and protected in a secure location and be insured for their full value by the Offeror against loss and damage. Offeror agrees to provide proof of insurance coverage and~~/or~~ addition of CES Member or Participating Entity as an additional insured upon agency's request. Additionally, if stored offsite, the materials must also be clearly identified as property of a buying CES Member or Participating Entity and be separated from other materials. The buying agency must be allowed reasonable opportunity to inspect and take inventory of stored materials, on or offsite, as necessary. Until final acceptance by the CES Member or Participating Entity, it shall be the contractor's responsibility to protect all materials and equipment. The contractor warrants and guarantees that title for all work, materials and equipment shall pass to CES Member or Participating Entity upon final acceptance. Payment for stored materials shall not constitute final acceptance of such materials.

Suspension or Debarment Status: If any firm, business, person, or Offeror has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity with any federal, state or local government, ~~the~~ shall result in the cancellation of any contract.

Taxes: Prices offered will not include applicable State of New Mexico Gross Receipts Tax (NMGRT) and local taxes. All applicable taxes must be listed as a separate item on all invoices and will be paid by the CES Member or Participating Entity issuing the purchase order to CES or Offeror. No NMGRT can be collected on delivery charges to the agency's location.

Taxes - Indian Reservation or Tribal Tax: If goods or services are subject to Indian reservation or tribal tax, Offeror shall include such taxes as a separate item on the original invoice to CES.

Termination for Material Breach: Either Party may terminate any Agreement by notice to the other Party, for any material breach of said Agreement by the other Party, if such breach is not cured within ten business days after the breaching Party receives notice of such breach from the non-breaching Party; provided, however, if such breach is not capable of being cured within the ten business day period, the cure period shall be extended for an amount of time that the Parties agree to in writing and is reasonably necessary to cure such breach, so long as the breaching Party is using diligent efforts to do so. In case of Default and/or Breach by the Offeror, for any reason whatsoever, CES or the CES Member or Participating Entity may procure the goods or services from another source and hold the Offeror responsible for any resulting excess costs and/or damages, including but not limited to, direct damages, indirect damages, consequential damages, special damages and CES or the CES Member or Participating Entity may also seek all other remedies under the terms of said Agreement and under law or equity.

Termination for Convenience: CES can, by written notice stating the effective date, may terminate any Agreement for convenience in whole or in part, at any time. CES, its Member or Participating Entity shall pay for acceptable work performed prior to the Offeror's receipt or issuance of a notice of termination. The Offeror shall submit an invoice for such work within thirty (30) days of receiving or sending the notice of termination.

Termination for Default: CES reserves the right to terminate in whole or any part of any contract executed as a result of this solicitation due to the failure by the Offeror to carry out any obligation, term or condition of the said contract. CES may issue written notice to the Offeror for acting or failing to act under but not limited to the following conditions.

1. The Offeror provides material that does not meet the specifications of the contract.
2. The Offeror fails to complete the services set forth in the specifications of the contract.
3. The Offeror fails to complete the work required or to furnish the materials required within the specified time.
4. The Offeror fails to make progress in the performance of the contract and/or gives CES cause to believe that the Offeror will not or cannot perform the requirements of the contract.
5. The Offeror fails to observe any or all of the terms and conditions..
6. The Offeror accepts purchase orders, based on this contract, directly from a CES Member and then invoices them directly.
7. Any other conditions that, in the opinion of CES, warrants such action.

Upon receipt of a written notice, the Offeror will have ten (10) business days to provide a satisfactory response in writing to CES. Failure on the part of the Offeror to satisfactorily respond shall result in CES terminating the contract.

Termination for Gratuity: CES shall, by written notice to Offeror terminate the contract if the Offeror is found in violation of any of the following: NMSA 1978, § 13-1-191, NMSA 1978, § 30-24-1, NMSA 1978, § 30-24-2, NMSA 1978, § 30-41-1 to NMSA 1978, § 30-41-3.

Termination for Non-Appropriation: Any individual Member's or Participating Entities' project covered by this solicitation and executed through the CES procurement process may be terminated for insufficient appropriations or authorizations. If sufficient appropriations and authorization are not made by the Legislature of New Mexico, or the CES Member or Participating Entity's Governing Body, any Agreement executed as a result of this solicitation shall terminate immediately upon written notice being given by CES, or the CES Member or Participating Entity to the Offeror. CES, its Members or Participating Entity's Governing Body decision as to whether sufficient appropriations and authorizations are available shall be accepted by the Offeror and shall be final.

Title and Risk of Loss: The title and risk of loss of material or service will not pass to CES Members or Participating Entities until it receives the material or service at the point of delivery, unless otherwise specified within this document.

Trade-In Equipment: Equipment for trade-in shall follow the requirements of NMSA 1978, § 13-1-156 and shall be dismantled and removed at the Offeror's expense.

Warranty: The Offeror agrees that the tangible personal property or services furnished shall be covered by the most favorable commercial warranties the Offeror gives to any customer for such tangible personal property or services, and that the rights and remedies provided herein shall extend to CES and/or the CES Member or Participating Entity and are in addition to and do not limit any rights afforded to CES and/or the CES Member or Participating Entity by any other Clause of this Agreement or order. Offeror agrees not to disclaim warranties of fitness for a particular purpose or merchantability.

Year-End Procurement: Purchase orders (PO) issued to an Offeror for goods must be delivered and services must be completed five (5) days prior to the CES Member or Participating Entity fiscal year end (June 30th), unless agreed upon in writing by both the CES Member or Participating Entity and the Offeror. CES must receive all invoices dated for the prior fiscal year by the 10th business day in July. The CES Member or Participating Entity may cancel purchase orders not completed by June 25th. The CES Member or Participating Entity may issue new or revised purchase orders dated after July 1st for any goods not delivered or services not completed by June 25th.

19. **North Dakota, North Dakota Educators Service Cooperative (NDESC)**
General Terms and Conditions (All Categories)

a. **Governing Law:** The laws of the State of North Dakota govern all contracts resulting from this solicitation. Each provision of law and clause required by law to be included in a contract shall be deemed to be inserted herein and the contract shall be read and enforced as though it were included. If through mistake or otherwise any such provision is not included, or is not currently included, then upon application of either party the Contract shall be physically amended to make such inclusion or correction.

b. **Governing Venue:** The resulting contract award shall be deemed to have been made and performed in Cass County, North Dakota. For venue, all legal arbitration or causes for action arising out of the resulting agreement shall be brought to the courts of Cass County, North Dakota.

c. **Hazardous Substances:** All hazardous products purchased by participating agencies shall include a Safety Data Sheet (SDS) with the delivery.

d. **Lease and Rental Agreements:** The Vendor may allow participating agencies to enter into a rental, lease, or lease-purchase agreements, providing such agreements comply with North Dakota Statutes and guidelines. NDESC will not collect lease payments or be involved in the terms and conditions of the lease. All lease arrangements are between the Vendor and the participating agency. The Vendor agrees that leases will comply with the Uniform Commercial Code. The applicable administrative fee must be included in the lease cost based on the total value of the goods and applicable services purchased. This fee is referred to under the Technical Specifications. The Vendor should attempt to work with NDESC's current leasing vendor. Should the Vendor be required to utilize their own financial leasing company, this should be noted/requested as an exception. In the event of a lease, the total administrative fee for the value of goods shall be paid to NDESC by the vendor at the front end of the lease. NDESC reserves the right to review all purchase orders, lease documents and invoices to ensure contract compliance.

e. **Non-Discrimination:** Any resulting contract for on or behalf of participating agencies, said Vendor agrees to:
   i. That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no contractor, material supplier, or vendor, shall, because of race, creed, or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates;
   ii. That no contractor, material supplier, or vendor, shall, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause (1) of this section, or on being hired, prevent, or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed, or color;
   iii. That a violation of this section is a misdemeanor; and
   iv. That this contract may be canceled or terminated by the state, county, city, town, school board, or any other person authorized to grant the contracts for employment, and all money due, or to become due under the contract, shall be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

f. **Participating Agency:** A participating agency shall be defined under Chapter 54-40.3 of the North Dakota Century Code, as amended. An eligible agency includes any school, higher education, city, county, other governmental agency, nonprofit organization, or other entity contracted to conduct business on behalf of a participating agency provided that they are required to follow state and local procurement regulations.

g. **Substance Use and Conduct:** All Vendor partners and subcontractors must adhere to local substance (alcohol, drug, smoking, etc.) and conduct (dress code, language, parking, etc.) policies while on a participating agencies' premises.

h. **Vendor Orientation:** The Vendor and their participating resellers/sub-contractors will be required to participate in an online training session that is designed to educate the Vendor and resellers/sub-contractors on the purpose and nature of NDESC. The Vendor will not be marketed to participating agencies until they have completed the vendor orientation session.

8. **Additional Participating Agency Terms and Conditions for Non-Construction Products and Services**
If requested by NDESC, the contracted vendor will work with NDESC to develop an order form, or order forms, containing the most commonly purchased items, that NDESC can utilize to market the contracted vendor to its participating agencies.

9. **Additional Participating Agency Terms and Conditions for Construction Related Products and Services**
Upon acceptance and approval of the Vendor's offer by AEPA, NDESC will independently consider the offer and consult with the Vendor determine if the Vendor can meet the requirements for construction- related products and services, according to Chapter 48-01.2 of the North Dakota Century Code, and to enter and execute a contract in the state of North Dakota. Once NDESC and the Vendor can confirm that business can be conducted in North Dakota, NDESC will make a final decision to complete the contract execution process.

For all quotes provided to participating agencies, for construction-related projects, products and services, the contracted vendor must also send a duplicate quote to NDESC. The quote provided to NDESC must include the contact information of the participating agency.

Performance Bond *(for construction and/or installation related projects)*: Performance bonds will be required on all projects valued at fifty-thousand dollars ($50,000) or more in North Dakota. All performance bonds will be issued by a corporate surety authorized to do business in the state in which the work will be conducted and by a surety listed in the US Treasury Circular 570. Performance bonds will be posted by the Vendor and submitted to the specific participating agency for the assigned project. Should the contract be the result of a piggyback agreement, performance bonds will reflect each state's bonding requirements.

The Vendor will execute a performance bond in an amount equal to one hundred percent (100%) of the value specified in the contract between the participating agency and the Vendor unless the participating agency requires less to be posted. This bond will protect all persons supplying labor and material to the Vendor for the performance of the work provided in the contract. Subcontractors who may work on the contract may have to provide the Vendor with a performance bond. If the contract price increases after the bond is provided, the participating agency may consider obtaining additional bonds from the Vendor.

The Vendor will deliver the performance bond to the eligible participating agency at the time the contract is executed between the agency and the Vendor. Work will not commence between the Vendor and the eligible participating agency until the performance bond is received by the participating agency and a copy has been sent to NDESC via email (info@purchasingconnection.org). The Vendor will be responsible for providing NDESC with a copy of all contracts and bonds following NDESC purchasing procedures. Should the Vendor fail to satisfactorily perform the contract, the bonding company that provided the performance bond will be required to pay the dollar amount of the bond to the participating agency.

It is the Vendor's responsibility to ensure that they can obtain the required bonding for all construction products based on an awarded contract arising from this solicitation. Payment will not be issued for any project for which the required bonds have not been received.

With said construction based project, the participating agency may enter into a separate supplemental agreement to further define the level of service requirements over and above the minimum defined in this solicitation and resulting Master Contract Agreement (i.e. project timeline, completion dates, progress payments, delivery requirements, invoice requirements, etc.). Any supplemental agreement developed as a result of the Master Agreement is exclusively between the Vendor and the participating agency. NDESC, its agents, members, and employees shall not be a party to any claim for breach of such agreement.

10. **Insurance**

The Vendor shall purchase, maintain and provide certification from the insurer for minimal coverage during the life of an awarded contract, to include, but not limited to, comprehensive public and/or commercial liability, errors and omissions, workman's compensation, unemployment, and other insurance coverage required by and applicable to each of NDESCs individual state's statutes and federal laws which proposed products and services will be offered and provided. The Vendor shall provide a Certificate of Insurance (COI) from the issuing company or their authorized agent, identifying the coverage required below and identifying NDESC as a "Certificate Holder". Any required insurance that is canceled before the expiration date of the contract agreement, the issuing company will send immediate notice to NDESC. COIs must be updated and sent to NDESC upon insurance coverage renewal. Respondents shall provide a statement of insurance from the issuing company or their authorized agent with their proposal. The Vendor shall meet the following requirements:

a. Commercial General Liability: $1,000,000 each occurrence, $500,000 annual aggregate
b. Automobile Liability: $1,000,000 each occurrence
c. Workers Compensation: $100,000

NDESC reserves the right to consider and accept alternate forms and plans of insurance or to require additional or more extensive coverage for any individual requirement. The Vendor shall provide the COI with their submission.

11. Procedure for Contract Award, Notification and Processing Orders

Once the award is recommended by the AEPA Review Committee, NDESC considers the recommendation based on the value of the potential contract for its participating agencies. In the event of an award by the NDESC Board of Directors, NDESC will inform its participating agencies of the award.

a. The contract will be listed and promoted on the NDESC website (**www.ndesc.org**).
b. Announcement of the contract award.
c. Upon award and completion of the vendor orientation, NDESC will promote the contract opportunity to its membership in one or more of the following ways: websites; agency newsletters; hard copy marketing flier; Email

announcements; contract catalog; and trade shows.

d. NDESC will require a marketing flyer, brochure, or other similar marketing pieces, in an editable, electronic format, from each vendor promoting the available contract with the vendor, and/or a web page or link. NDESC may assist in the development of the marketing flier and material (if requested by the vendor), but in all cases shall have the authority to review and approve any marketing materials. If a web site is used, the link will be made available from the NDESC web page. Any web page or link, or other marketing tools shall be dedicated to NDESC and/or AEPA information only.
e. When a participating agency identifies a desired product or service, the agency and the Vendor may negotiate with each other to establish a description of items and/or services. The Vendor shall quote a price to the member, using AEPA established discounts,including the two percent (2%) administrative fee in the quoted price not as a separate line item. The administrative fee shall be based upon the total cost of goods and/or services including installation costs.
f. Ordering Methods
    i. Participating agencies may use two (2) different methods of placing orders from the resulting contract: Purchase Orders (PO's) and procurement cards. The method of payment is at the discretion of the participating agency. Additional surcharges for the use of a procurement card must be clearly outlined.
    ii. A PO may be issued to the Vendor on behalf of the participating agency ordering the services covered under the resulting contract. An issued PO will become part of the resulting contract. The PO indicated that sufficient funds have been obligated toward the purchase.
    iii. Regardless of the method of ordering used, solely the contract and any modification determine performance time and dates.
    iv. Performance under this contract is not to begin until receipt of a PO, procurement card order, or other notification to proceed by the participating agencies to proceed.
g. NDESC requires that all participating vendors offer the contract opportunity to all NDESC participating agencies.

12. Administrative Fees and Reporting

The administrative fee is to be paid by the Vendor to NDESC, quarterly, within 20 working days after the end of each fiscal quarter. The AEPA vendor shall also submit to NDESC a sales report, in Excel format, listing the following information:

a. Name of purchasing agency
b. Address of purchasing agency (city, state, zip code)
c. Date of purchase
d. Invoice number
e. Amount of purchase
f. Administrative fee generated by sale
g. Savings generated by sale

This report shall include all sales made and payments received by the Vendor in said quarter. The sales report shall be emailed to Jane Eastes at **jeastes@lcsc.org** and copied to Lori Mittelstadt at **lmittelstadt@lcsc.org.** Payments must be received either via check or authorized ACH. An ACH enrollment/authorization form must be provided to NDESC for completion. ACH remittance notification must be sent to the individual indicated on the ACH enrollment/authorization form prior to ACH payment. If mailing a check, the payment shall be delivered to Jane Eastes, NDESC, 1001 East Mt. Faith, Fergus Falls, MN 56537. The check shall be made out to Lakes Country Service Cooperative.

13. **Express Online Marketplace**

NDESC provides participating agencies with an online purchasing platform called Express, powered by EqualLevel. Through Express, agencies can search for and purchase items. Essentially, Express is a one-stop-shop for many of NDESC's commodity-based contracts. A Vendor does not have to have an e-commerce site to be included in Express. NDESC expects growth in the number of agencies utilizing the marketplace and the volume of sales to grow significantly. NDESC will work with the Vendor to determine if the contract agreement is suitable for the online platform. If deemed suitable, NDESC will require integration into Express promptly.

20. **OHIO COUNCIL OF EDUCATIONAL PURCHASING CONSORTIA (OCEPC)**

A. **General Terms and Conditions that apply for all Categories:**

1. Compliance with Laws/Forum Designation

Contractor shall comply with Federal, State, and Local Laws, Codes and Regulations while fulfilling the contract. It is the Contractor's responsibility to be aware of and comply with all state and local laws governing this procurement. Applicable laws, codes, and regulations (etc.) must be followed even if not specifically identified herein. Contractor shall verify to the Ohio Council of Educational Purchasing Consortia (OCEPC), its Member Agencies and other qualifying purchasers that the Contractor is complying with all Federal, State and Local Laws, Codes and Regulations while fulfilling the contract. Moreover, this contract shall be governed by and construed in accordance with the laws of the State of Ohio without giving effect to its principles of conflict of law. Legal proceedings arising under this contract shall be brought in an Ohio Court of Common Pleas of the County where the Member Agency's main office is located.

2. Delinquent Tax Affidavit

Contractor shall provide an affidavit relating to delinquent taxes as may be required by Ohio Revised Code Section 5719.042.

3. Secretary of State Registration

Contractor shall meet and maintain all registration requirements as necessary to conduct business in the State of Ohio, including but not limited to registration with the Ohio Secretary of State.

4. Findings for Recovery

Contractor warrants and represents that it is not subject to a finding for recovery under Ohio Revised Code Section 9.24, or that Contractor has taken the appropriate remedial steps required under Ohio Revised Code Section 9.24, or otherwise qualifies under Ohio Revised Code Section 9.24.

5. Ohio Workers Compensation Insurance

Contractor, and any subcontractors hired by Contractor shall, at their own expense, maintain in force for the duration of the project workers' compensation and employer's liability insurance as required by the laws of the State of Ohio.

6. Project Personnel, Student Safety and Background Checks

Member Agency shall have the right to reject the participation of any personnel of Contractor in the performance of the services if, in relation to the work assigned to them, the Member Agency deems such personnel to lack the skill, experience and expertise required to perform the services or if Member Agency considers their performance to be substandard or otherwise detrimental to the proper completion of the services. Contractor will advise Member Agency promptly of any change in the project manager or other key personnel assigned to the performance of the services.

Contractor acknowledges that the safety of the Member Agency's students, employees, officials and guests is of the utmost importance. Contractor will endeavor to ensure that its officers, employees, agents, representatives, and consultants will take no action that would jeopardize the safety of the Member Agency's students, employees, officials, or guests. The Member Agency reserves the right to require Contractor's officers, employees, agents, representatives and consultants to wear identification and stay in designated work areas at all times while on the Member Agency's property. The Member Agency shall have the right to effect the immediate removal of any person associated in any way with Contractor from Member Agency property for failure to wear identification, for being outside a designated work area, for fraternizing with or engaging in any improper behavior directed toward or in the vicinity of students, employees, officials, or guests of the Member Agency or for any other good cause.

Contractor shall perform or cause to be performed an Ohio Bureau of Criminal Investigation and Identification and Federal Bureau of Investigation criminal background check of any personnel that will be performing the services within the proximity of minors. Contractor shall notify the Member Agency of any proposed employee who has been convicted, pled guilty or pled "no contest" to a criminal offense, and the Member Agency reserves the right to reject the proposed employee with a criminal background. No person shall be employed by Contractor who has been found guilty of any of the criminal offenses enumerated in Ohio Revised Code Section 3319.39 without prior approval of the Member Agency.

7. Independent Contractor

Contractor shall be an independent contractor and neither Contractor nor any of its subcontractors, nor the employees of any thereof, shall be deemed to be the servants, employees, or agents of Member Agency. Contractor shall be responsible for paying all costs related to its employees and managers performing the services. Contractor shall remain liable and responsible to Member Agency for all of its obligations under this contract, regardless of whether the services

are performed by the Contractor or a subcontractor of any tier.

8. Ownership of Instruments of Service

Drawings, data and other documents prepared by, or with the cooperation of, the Contractor pursuant to this contract shall become, upon payment of all undisputed compensation due the Contractor from the Member Agency, the property of the Member Agency. Such drawings, data or other documents may be used by the Member Agency or others employed by the Member Agency without compensation to the Contractor.

9. Audit

Member Agency may audit and inspect Contractor's records and accounts at any time during the Contractor's performance of the services and for a period of two (2) years following the completion or termination of the services for the purpose of verifying any invoice and underlying documentation presented by Contractor, it being understood that Contractor agrees to preserve all such documents through such two- (2) year period.

10. Notices

Unless otherwise expressly provided in this contract, all notices and other communications given under the contract shall be in writing and shall be deemed effective upon receipt by the addressee at its address as set forth in the contract or at such other address as such party shall have notified the other in writing.

11. Non-Appropriation

If the Member Agency fails to appropriate sufficient monies in any fiscal year for payments due under the contract and other funds are not available for such payments, then a "Non-Appropriation" shall be deemed to have occurred. If a Non-Appropriation occurs, then Member Agency will give Contractor prompt notice of such Non-Appropriation. This contract shall thereupon terminate without penalty or expense to the Member Agency.

12. No Personal Liability

It is understood and agreed that under no circumstances will the Member Agency's board members, officers, employees, or agents be personally liable for any obligations or claims arising out of or related to the contract.

13. Miscellaneous

Headings and titles of articles, paragraphs and other subparts of this contract are for convenience of reference only and shall not be considered in interpreting the text of this contract.

14. Successor and Assigns

OCEPC and the Vendor each binds himself and his partners, successors, executors, administrators, and assigns to the other party of this Agreement and to the partners, successors, executors, administrators, and assigns of such other party, in respect to all covenants of this Agreement; except as above, neither OCEPC nor the Vendor shall assign, sublet, or transfer his interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officers of OCEPC, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the parties to this Agreement.

This contract and any appendices constitute the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings with respect thereto.

No contract amendments can be made without the approval of the AEPA membership.

B. Non-Construction Products and Services:

1. Bus Purchases

For the purchase of school buses, the successful Contractor shall provide bonds required by Ohio Revised Code Sections 153.54 and 153.571.

C. Construction Products and Services:

For construction improvements, the following shall apply:

1. The successful Contractor shall provide such bonds required by Ohio Revised Code Sections 153.54 and 153.571.

2. Progress payments and retainage shall be in accordance with the provisions of the Ohio Revised Code including Ohio Revised Code Sections 153.12 and 153.14.

3. In the event that the agreement is subject to the prevailing wage requirements of either Ohio Revised Code Chapter 4115 or the Davis-Bacon Act, then the contract between the Member Agency and the Contractor shall contain the applicable rates and such terms and provisions as may be required by law.

4. Contractor shall comply with all applicable licensing requirements, including those of the Ohio Construction Industry Licensing Board.

D. **Procedures for Processing Orders:**

The OCEPC will keep informed its Member Agencies and other qualified purchasers of contract information via web site and through other marketing strategies. A list of OCEPC Member Agencies along with addresses, phones, contacts, etc. will be made available to successful Contractors. After contracts are awarded, Contractors may contact the OCEPC Member Agencies and other qualifying purchasers concerning their products and services.

Participating Member Agencies and other qualified purchasers will submit all purchase orders directly to the Contractor.

The Contractor price shall include a two percent (2%) administrative fee that the Contractor will collect from the Member Agency or other qualified purchaser. Administrative fees are to be remitted to the OCEPC on April 15, July 15, October 15 and January 15 of every calendar year with checks payable to the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Dr. Suite 208, Vandalia, OH 45377.
The Contractor will compile a quarterly report showing all purchases made by the OCEPC Member Agencies and other qualified purchasers under this contract at the conclusion of each calendar quarter. These reports shall be attached to the administrative fee remittance.

E. **Agencies Allowed to Purchase under Member Agency:**

All member cooperatives of the OCEPC and their individual Member Agencies are eligible to participate and purchase from the awarded AEPA contracts. All Ohio K-12 school districts, including Boards of Developmental Disabilities, Educational Service Centers, and Instructional Technology Centers, are eligible to participate and purchase from the awarded AEPA contracts. In addition, all colleges and universities, state, cities, counties, townships and other governmental agencies are eligible to participate if the AEPA contracts satisfy their individual procurement requirements.

Revised: December 2, 2009
Approved: December 14, 2009
Reviewed: May 12, 2010
Revised: May 27, 2011
Reviewed and Approved: September 14, 2011
Reviewed and Approved: May 14, 2014
Revised and Approval: May20, 2015
Reviewed and Approved: May 18, 2016
Revised and Approved May 17, 2017
Reviewed and Approved May 15, 2019
Review and Approved January 6, 2021

21. **Oregon, Intermountain Educational Service District (IMESD)**

A. Additional Agency Terms and Conditions – all categories

Intermountain Education Service District ("IMESD") is an educational service district organized under the laws of the STATE OF OREGON. Pursuant to Oregon Law ORS 279A and IMESD is authorized to cooperate with other entities and in such regard is authorized to cooperate with them in the purchasing of goods and services pursuant to these contract documents. As other entities cooperate with IMESD to take advantage of the goods and services made available pursuant to these contract documents, the terms and conditions of any such sales shall be in accordance with the contract documents.

Additionally Senate Bill 3184 enables Oregon's Education Service Districts to offer the services they provide to component school districts to other organizations. For the past 10 years, the InterMountain ESD (formerly Umatilla-Morrow ESD) has been a leader in expanding revenue available for schools and IMESD programs by providing these services outside of 19 local school districts. *(Reference: ORS 334.185*)

Under Oregon public contracting rules, each individual public agency will have its own local rules it must adhere to, in addition to statewide public contracting laws. InterMountain Education Service District does not presume that its cooperative purchasing program will necessarily comply with every agency's internal public contracting rules. We always advise potential customers to review the bid solicitation carefully and recommend review by their legal department and/or procurement personnel to assure that contracting laws are complied with.

ADVERTISING AND MARKETING: Bidders must demonstrate they possess the necessary resources and have a proven track record to market, offer, obtain, deliver, install and provide the sales and technical support services to IMESD and its participating agencies within the state of Oregon in a timely and cost effective manner.

APPLICABLE LAW AND VENUE: Any dispute arising out of any of the contract documents, or out of their performance, shall be decided by ligation in the Circuit Court of the State of Oregon in the county of Owner's residence, the parties consenting to jurisdiction in said court and permanently waiving jurisdiction in any other court, state or federal. In the event of litigation the prevailing party shall be entitled to an award of reasonable attorney's fees and costs at trial and upon any appeal thereof.
In the event that the successful bidder breaches a term of condition of a contract awarded, the IMESD may terminate the contract. In addition to the right to terminate due to the successful bidder's breach, and all other rights and remedies contained in other provisions, the IMESD reserves all its rights and remedies at law and in equity available due to the breach.
HAZARDOUS CHEMICALS: The Successful bidder shall supply current MSDS for all products as required below even if these sheets have been supplied in previous years.
The agencies participating on IMESD agreement will need MSDS and labels for certain products defined as hazardous chemicals by the State of Oregon in accordance with ORS 654.025(2) and 656.726(3). The successful bidder has the responsibility to determine such products and to provide MSDS and labels for such products. The MSDS shall be received by the IMESD by or at the time of the initial shipment of such products.
These requirements have been determined by the State of Oregon Workers Compensation Department, and published as Oregon Administrative Rules 437, Division 2 Hazard Communication. This document is available from Hazard Communication Coordinator, Accident Prevention Division, State of Oregon, Labor and Industries Building, 350 Winter St. NE, Salem, OR 97310, phone: (503) 378-3272 or (800) 922-2689 any local Accident Prevention Division Office.
HOLD HARMLESS: Bidders shall indemnify, hold harmless, and defend the IMESD from any and all liabilities, settlements, losses, penalties, costs, expenses, attorney fees (including attorney fees on appeal) in collection with any action, suit or claim based upon or allegedly based upon, resulting from or allegedly resulting from the successful bidder's negligence, omission, activities or services provided pursuant to a contract awarded to such bidder.

LAW OF THE STATE OF OREGON: Any contract between the IMESD and a bidder shall be entered into within the State of Oregon, and the laws of said state, whether substantive or procedural, shall apply to the contract.

In addition to any requirements listed, vendor shall comply with all, current, applicable state, federal and local laws, regulations and ordinances. If through mistake or otherwise any such provision is omitted then submission by either IMESD or the vendor-partner the contract shall be amended to make such inclusion or correction. IMESD Also reserves the right to amend the contract resulting from state law changes. Vendor-partners will be sent written notification of such changes.

SEVERABILITY: The parties agree that if any term or provision of a resultant contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular term or provision held to be invalid.

TAXES: Taxes, whether State or Federal, shall not be included in bid prices. Our Employer Identification No: 93-6000924 indicated our tax exemption status as a political subdivision. Contractor must certify compliance with the Oregon tax laws in accordance with ORS 305.385 when applicable.

B. Additional Agency Terms and Conditions – Non-construction Products and Services

None

C. Additional Agency Terms and Conditions – Construction Products and Services

1. Prevailing wage rates/Davis-Bacon.
As set forth in the conditions below, if this is a public works project (as defined below) Oregon State prevailing wage rates will apply unless exempted. If federal funds are being used, Bidders must take into account the need to comply with the Davis-Bacon Act. If both the federal and state prevailing wages are required the Contractor is required by law to pay the greater of the applicable prevailing wage. Pursuant to ORS 279C.365 no bid will be considered unless the bid contains a statement by the Bidder as a part of its bid that the provision of ORS279C.840 will be complied with.

(a) If contract is $50,000.00 or under and there are no federal funds involved the contract is exempted from prevailing wages pursuant to ORS 279C.810(2) (a).

(b) If contract exceeds $50,000.00 and there are no federal funds involved, existing prevailing wage rate of the State of Oregon will apply. No worker may be paid by any Contractor or Subcontractor a wage less than the wage required by ORS 279C.840. Every subcontract shall include the requirements of this section. Prevailing wages, state and federal, can be seen at the websites referred to in Section 6(a), Additional Requirements of Oregon Law for Public Contracts, Public Works, and Improvements and Miscellaneous Provisions.

(c) If contract exceeds $50,000.00 and/or federal funds are involved, unless otherwise exempted by law, Contractor shall comply with ORS 279C.800 to 279C.870 relating to the payment of prevailing wages; Contractor shall also comply with the federal Davis-Bacon Act to the extent applicable. No worker may be paid by any Contractor or Subcontractor a wage less than the wage required by ORS 279C840 and if the state and federal prevailing wage laws both apply, Contractor shall pay as wages the great of the applicable prevailing wage. Every Subcontractor shall include the requirements of this section. Additional Requirements of Oregon Law for Public Contracts,

2. Residence status of Bidder
Each Bidder must identify in its bid whether the Bidder is a resident Bidder, as defined in ORS 279A.120.

3. Licensure
If the contract involves asbestos or asbestos abatement, the contactor or subcontractor must be licensed under ORS 468A.720.

4. Bonding
If this contract is a public improvement contract in excess of $100,000.00, at the time of the execution of the contract, the successful Bidder shall also deliver to the Owner good and sufficient bonds endorsed on forms supplied by Owner, in sums equal to the contract price, for the faithful performance of the contract, and for the payment of all claims for labor, materials, equipment, and rental equipment that may result from work performed pursuant to the contract documents. The successful Bidder shall not be allowed to execute the contract without the concurrent delivery to the Owner of the bonds required by this paragraph on the required forms. At owner's sole discretion, Contractor shall be subject to disqualification and forfeiture of bid security for breach of this section. If Bidder is disqualified, Owner may award the contract to another Bidder.

5. Subcontractor Disclosure
Unless exempted by ORS 279C.370(1)(c) for public improvement contracts, all Bidders shall within two hours of the date and time of the deadline when bids are due submit information about certain first-tier Subcontractor when the contract value for public improvements is greater than $100,000 (see ORS 279C.370). Specifically, when the contract amount of a first-tier Subcontractor furnishing labor or labor and materials would be greater than or equal to:

(i) 5% of the project bid, or $15,000, or
(ii) $350,000 regardless of the percentage, Bidders must disclose the following information about that Subcontractor:

(a) the Subcontractor's name, and
(b) the category of the work that the Subcontractor would be performing, and

(c) the dollar amount of the subcontract

If Contractor will not be using any Subcontractors that are subject to the above disclosure requirements, Contractor is required to indicate "NONE" on the reply form.
THE OWNER MUST REJECT A BID IF THE BIDDER FAILS TO SUBMIT THE DISCLOSURE FORM WITH THIS INFORMATION BY THE STATED DEADLINE.

FIRST TIER SUBCONTRACTOR DISCLOSURE FORM

Project name:
Bid #:
Bid Opening Date:
Name of Bidding Contractor:
Required Disclosure Deadline:

Bids which are submitted by Bid Closing, but for which a required disclosure submittal has not been made by the specified Disclosure Deadline, are not responsive and shall not be considered for Contract award.

See the certification above the signature line on the second page of this form regarding the Subcontractors that must be disclosed.

The Owner will insert "NA" above if the contract value is not anticipated to exceed $100,000. Otherwise this form must be submitted either with the bid or within two (2) working hours after the advertised bid closing date and time; but no later than the DISCLOSURE DEADLINE stated above.

This form may not be submitted by facsimile. It is the responsibility of Bidders to submit this disclosure form and any additional sheets, completely filled out and signed, by the specified disclosure deadline.
List below the name of each Subcontractor that will be furnishing labor or will be furnishing labor and materials and that is required to be disclosed, the category of work that the Subcontractor will be performing and the dollar value of the subcontract. Enter "None" if there are no Subcontractors that need to be disclosed. (Attach additional sheets if needed.)

NAME OF SUBCONTRACTOR	CATEGORY OF WORK	DOLLAR VALUE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Failure to submit this form by the disclosure deadline will result in a nonresponsive bid. A nonresponsive bid will not be considered for award.

CERTIFICATION

It is certified that the above listed first-tier Subcontractor(s) are providing labor, or labor and material, with a dollar value equal to or greater than:

(a) 5% of the total Contract Price, but at least $15,000 [if the dollar value is less than $15,000 do not list the Subcontractor above], or

(b) $350,000 regardless of the percentage of the total Contract Price.

Form submitted by (insert Bidder name):
Contact name:
Telephone number:

Additional Requirements of Oregon Law for Public Contracts, Public Works, and Improvements; Miscellaneous Provisions

"Owner" means the public entity executing the Contract of which these provisions are a part.
"Public improvement" means projects for construction, reconstruction or major renovation on real property by or for a public agency. "Public Works" shall mean roads, highways, buildings, structures and improvement of all types, the construction, reconstruction, major renovation or painting of which is carried on or contracted for by any public agency to serve the public

interest by does not include the reconstruction or renovation of privately owned property which is leased by a public agency.

(1) In reference to ORS 279B.220 and 279C.505. Contractor shall:

(a) Make payment promptly, as due, to all persons supplying to Contractor labor or material for the performance of the work provided for in the contract.

(b) Pay all contributions or amounts due the Industrial Accident Fund from the Contractor or Subcontractor incurred in the performance of the contract.

(c) Not permit any lien or claim to be filed or prosecuted against the Owner on account of any labor or material furnished.

(d) If the contract is for a public improvement, demonstrate to Owner that Contractor has an employee drug testing program in place.

(e) Pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.167.

(2) In reference to ORS 279C.515 regarding contracts for public improvements:

(a) If the Contractor fails, neglects or refuses to make prompt payment of any claim for labor or services furnished to Contractor or a Subcontractor by any person in connection with the contract as such claim becomes due, the Owner may pay such claim to the person furnishing the labor or services and charge the amount of the payment against funds due or to become due the Contractor by reason of such contract.

(b) If the contract is for a public improvement and if the Contractor or a first-tier Subcontractor fails, neglects or refuses to make payment to a person furnishing labor or materials in connection with the contract within thirty days after receipt of payment from the Owner or a Contractor, the Contractor or first-tier Subcontractor shall owe the person the amount due plus interest charges commencing at the end of the ten day period that payment is due under ORS 279C.580(4)and ending upon final payment, unless payment is subject to a good faith dispute as defined in ORS 279C.580. The rate of interest charged to the Contractor or first-tier Subcontractor on the amount due shall equal three times the discount rate on ninety-day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve district that includes Oregon on the date that is thirty days after the date when payment was received from the Owner or from the Contractor, but the rate of interest shall not exceed 30 percent. The amount of interest may not be waived.

(c) If the contract is for a public improvement, or is related to a contract for a public improvement, and if the Contractor or a Subcontractor fails, neglects or refuses to make payment to a person furnishing labor or materials in connection with the contract, that person may file a complaint with the Construction Contractor's Board, unless payment is subject to a good faith dispute as defined in ORS 279C.580.

(d) The payment of a claim in the manner authorized in this section of this contract shall not relieve the Contractor or the Contractor's surety from any obligation with respect to any unpaid claims.

(3) Relating to ORS 279B.020 and ORS 279C.520. Contractor shall comply with ORS 279B.020 and ORS 279C.520 in their entirety (when applicable), and in this regard:

(a) No person shall be employed for more than ten hours in any one day, or forty hours in any one week except in cases of necessity, emergency, or where the Owner absolutely requires it, and in such cases, the employee shall be paid at least time and half pay:

(i) For all overtime in excess of eight hours a day or forty hours in any one week when the work week is five consecutive days, Monday through Friday; or

(ii) For all overtime in excess of ten hours a day or forty hours in any one week when the work week is four consecutive days, Monday through Friday; and

(iii) For all work performed on Saturday, Sunday, and on any legal holiday specified in ORS 279B.020 and 279C.540.

(iv) Contractor shall comply with the notice and posting requirements of ORS 279B.020 and 279C.520(2). Contractor shall pay employees for overtime work performed under this Contract in accordance with ORS 653.010 to 653.261 and the Fair Labor Standards Act of 1938 (29 USC 201, et seq.).

(4) If the contract is for a public improvement, Contractor shall at its sole expense comply with any and all applicable statutes or ordinances, and all regulations of any agencies, whether federal, state, local or tribal, dealing with the prevention of environmental pollution and the preservation of natural resources including without limitation water that affect the performance of this contract.

The following agencies, as well as others, may have pertinent regulations:

Federal: Army Corps of Engineers, Federal Energy Regulatory Commission, Environmental Protection Agency, Dept. of Human and Health Services, Dept. of Interior including but not limited to the US Fish and Wildlife Service, Department of Labor, and Water Resources Council.

State: Columbia River Gorge Commission, Department of Energy, Department of Environmental Quality, Department of Fish and Wildlife, Department of Human Resources, Soil and Water Conservation Commission, and Oregon Water Resources Department.

Local: City and County wherein the project is to be undertaken.

Tribal: Confederated Tribes of the Umatilla Indian Reservation.

(5) In relation to ORS 279B.230 and 279C.530, Contractor shall comply in their entirety, and in this regard:

(a) Contractor shall promptly, as due, make payment to any person, co-partnership, association or corporation, furnishing medical, surgical and hospital care or other needed care and attention, incident to sickness or injury, to the employees of Contractor, of all sums which the Contractor agrees to pay for such services and all monies and sums which the Contractor collected or deducted from the wages of employees pursuant to any law, contract or agreement for the purpose of providing or paying for such service.

(b) All employers, including Contractor, that employ subject workers who work under this contract in the State of Oregon shall comply with ORS 656.017 and provide the required workers compensation coverage, unless such employers are exempt under ORS 656.126. Contractor shall ensure that each of its Subcontractors complies with these requirements.

(6)

(a) If the contract is for public works and is over $50,000, Contractor, unless otherwise exempted by law, shall comply with ORS 279C.800 to 279C.870 relating to the payment of prevailing wages; Contractor shall also comply with the federal Davis-Bacon Act to the extent applicable. The prevailing rates of wage, state and federal, made available on the internet are hereby incorporated by reference; they may be seen at various sites including at www.boli.state.or.us/BOLI/WHD/PWR and www.access.gpo.gov/davisbacon/or.html. If the state and federal prevailing wage laws both apply, Contractor shall pay as wages the greater of the applicable prevailing wage. Contractor shall comply with all wage reporting and certification requirements of the prevailing wage laws and/or the Davis-Bacon Act, as applicable.

(b) Before starting Work the Contractor shall file with the Construction Contractors Board, and maintain in full force and effect, the separate public works bond required by Oregon Laws 2005, Chapter 360, and OAR 839-025-0015, unless otherwise exempt under those provisions. The Contractor shall also include in every subcontract a provision requiring the Subcontractor to have a public works bond filed with the Construction Contractors Board before starting Work, unless otherwise exempt, and shall verify that the Subcontractor has filed a public works bond

(7) The following apply to contracts for public improvements:

(a) Contractor shall comply with ORS 279C.580, dealing with Contractor's relations with Subcontractors. Without limiting the generality of the foregoing, in this regard Contractor shall include a clause in each subcontract for property or services entered into by the Contractor and a first-tier Subcontractor, including a material supplier, for the purposes of performing the contract:

(i) that obligates the Contractor to pay the first-tier Subcontractor for satisfactory performance under its subcontract within ten days out of such amounts as are paid to the Contractor by the Owner; and

(ii) that obligates the Contractor, if payment is not made within thirty days after receipt of payment from the Owner, to pay to the first-tier Subcontractor an interest penalty on amounts due in the case of each payment not made in accordance with the payment clause required by the preceding paragraph. The interest penalty shall be for the period beginning on the day after the required payment date and ending on the date on which payment of the amount due is made, and shall be computed at the rate specified in ORS 279C.515(2).

(b) Contractor shall include in each of its subcontracts, for the purpose of performance of work in relation to project, a provision requiring the first-tier Subcontractor to include a before clause and an interest penalty clause conforming to

the foregoing standards in each of its contracts and to require each of its Subcontractors to include such clauses in their subcontracts with each lower-tier Subcontractor or supplier.

(c) Nothing stated herein shall be construed to preclude the negotiations allowed pursuant to ORS 279C.580(5).

(8) If any work supplied pursuant to the contract requires licensing with the Construction Contractors Board or the State Landscape Contractors Board, Contractor must be so licensed in order to submit a bid for the contract, and Contractor and all relevant Subcontractors must remain licensed during the period required for performance. Contractor certifies that all Subcontractors and workers will be properly licensed to perform the work required by this Contract before their commencement of work.

(9) If this contract is for public improvements, then retainage in the amount of 5% of the amount due shall be withheld in accordance with Oregon laws, including ORS 279C.550 et seq.

(10) If this contract is for a public improvement, and unless exempted by resolution of the Owner, Contractor shall comply with ORS 279C.380 and execute and deliver to Owner a good and sufficient performance bond and payment bond to be approved by Owner in a sum equal to the contract price.
By way of supplement to, and equally binding as, all of the foregoing:

(10.1) Contractor shall comply with all federal, state and local laws, codes, regulations and ordinances applicable to the Work and the Contract. Failure to comply with such requirements shall constitute a breach of Contract and shall be grounds for Contract termination. Without limiting the generality of the foregoing, Contractor expressly agrees to comply with the following as applicable: I) Title VI and VII of Civil Rights Act of 1964, as amended; (ii) Section 503 and 504 of the Rehabilitation Act of 1973, as amended; (iii) the Health Insurance Portability and Accountability Act of 1996; (iv) the Americans with Disabilities Act of 1990, as amended; (v) ORS Chapter 659A; as amended (vi) all regulations and administrative rules established pursuant to the foregoing laws; and (vii) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. Owner's performance under the Contract is conditioned upon Contractor's compliance with the provisions of ORS 279C.505, 279C.510, 279C.515, 279C.520, and 279C.530, which are incorporated by reference herein.

(10.2) Contractor shall comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations; and

(a) Contractor shall not discriminate against Disadvantaged, Minority, Women or Emerging Small Business enterprises, as those terms are defined in ORS 200.005, in the awarding of subcontracts (ORS 279A.110).

(b) Contractor shall maintain, in current and valid form, all licenses and certificates required by law, regulation, or this Contract when performing the Work.

(10.3) Unless contrary to federal law, Contractor shall certify that it shall not accept a bid from Subcontractors to perform Work as described in ORS 701.005 under this Contract unless such Subcontractors are registered with the Construction Contractors Board in accordance with ORS 701.035 to 701.055 at the time they submit their bids to the Contractor.

(10.4) Unless contrary to federal law, Contractor shall certify that each landscape Contractor, as defined in ORS 671.520(2), performing Work under this Contract holds a valid landscape Contractor's license issued pursuant to ORS 671.560.

(10.5) The following notice is applicable to Contractors who perform excavation Work. ATTENTION: Oregon law requires you to follow rules adopted by the Oregon Utility Notification Center. Those rules are set forth in OAR952-001-0010 through OAR 952-001-0090. You may obtain copies of the rules by calling the center at (503)232-1987.

(11) Contractor must certify compliance with the Oregon tax laws in accordance with ORS 305.385 when applicable.

(12) Upon receipt by Contractor of any notice or claim, pursuant to ORS 279C.600 et seq (concerning action against bonds) Contractor shall immediately notify Owner in writing.

(13) Unless agreed to by Owner in writing, Contractor may not assign, transfer, dispose of, or delegate its duties under the contract.

(14) Contractor shall be responsible for compliance with all local, state, tribal, and federal laws, applicable to any aspect of the work to be performed. It shall be Contractor's responsibility to determine the applicability and requirements of any such laws

and to abide by them. Contractor shall indemnify, defend, and hold harmless Owner for any default or breach of Contractor in this regard.

(15) The submission of a bid for this contract is certification by Contractor that Contractor has not discriminated and will not discriminate in violation of ORS 279A.110 against any minority, women, or emerging small business enterprises in obtaining any required subcontracts.

(16) If this contract is a public improvement contract for demolition, Contractor shall salvage or recycle constructions and demolition debris if feasible and cost-effective.

(17) If this contract is a public improvement contract for lawn and landscape maintenance, Contractor shall compost or mulch yard waste material at an approved site, if feasible and cost-effective.

(18) Any dispute arising out of any of the contract documents, or out of their performance, shall be decided by litigation in the Circuit Court of the State of Oregon in the county of Owner's residence, the parties consenting to jurisdiction in said court and permanently waiving jurisdiction in any other court, state or federal. In the event of litigation the prevailing party shall be entitled to an award of reasonable attorney's fees and costs at trial and upon any appeal thereof.

D. Procedure for Agencies Processing Orders under IMESD in Oregon

Once the award is made to the vendor, IMESD will market these contracts by: 1) including the contract on the IMESD website, 2) announcing the award in flyers, and 3) attending vendor events throughout school year. A list of schools, contact names, addresses and phone number can be accessed through the Oregon Department of Education website. At this point the vendor contacts schools and schools may contact the vendor. When the school/agency identifies a product or services and agrees on price it issues to Vendor a purchase order for that item or service, referencing the AEPA Bid number. The purchase order must include an additional one percent (2%) administrative fee in the total to be forwarded by the vendor to IMESD after the sale. All participating vendors agree to and are subject to audit proceedings of IMESD member sales.

Upon receipt of the purchase order, the vendor provides the goods or service listed on the purchase order. It is important to remember the vendor makes delivery to the member unless other arrangements are made in cooperation with IMESD. When all items and services on the purchase order have been delivered to the member in a complete and satisfactory manner, vendor then invoices the member for the goods and service. This invoice includes the additional one percent (2%) administrative fee to the total amount invoiced of the goods or service provided by the vendor. This percent is based on the total sales of goods or services. The member then pays the vendor including the one percent (2%) administrative fee. IMESD then invoices the Vendor for the 2% administrative fee based on the sale of goods and services collected by the vendor.

E. Agencies Allowed to Purchase under IMESD in Oregon

The InterMountain Education Service District (IMESD) participates in a national non-profit organization, the Association of Educational Purchasing Agencies (AEPA), which is a procurement vehicle. The mission of IMESD's involvement with AEPA is to cooperatively serve Oregon state agencies members through a continuous effort to explore and solve present and future purchasing needs. AEPA goals include working to secure multi-state volume purchasing contracts with benefits that are measureable, cost-effective and continuously exceed our state member's expectations. InterMountain Education Service District is the member agency representing Oregon in AEPA through an IMESD board approved Memorandum of Understanding between all participating states that are all political subdivisions related to K-12 education. All AEPA bids have been advertised by IMESD in Oregon.

Pursuant to Oregon Law, ORS 279A, InterMountain Education Service District is authorized to offer these contracts to other government entities including school districts, state universities, community colleges, special districts, local and state government.

There is no fee or annual dues to become an IMESD agency member to purchase. InterMountain Education Service District's contract management efforts are funded by a nominal administrative fee paid by the vendor based on sales volume.

22. Pennsylvania, Central Susquehanna Intermediate Unit d/b/a Keystone Purchasing Network

A. **Additional Member Agency <u>General Terms and Conditions that apply to all categories</u>**

The Keystone Purchasing Network (KPN) is a cooperative purchasing program operated by the Central Susquehanna Intermediate Unit under various state inter-governmental cooperation laws and includes members in several east coast states that currently includes Pennsylvania, Maryland, District of Columbia, New York and Delaware. All applicable Local, State and Federal laws and regulations will apply to any purchases of equipment, services or construction in any of these states and to other states that may be added under the KPN membership throughout the term of these contracts.

Marketing and Advertising under this Agreement: Vendor will actively promote the resulting contract in Pennsylvania, Maryland, District of Columbia, Delaware and New York States. Vendor will comply with the AEPA Marketing program along with the requirement listed below.

1. Vendor will include the approved KPN logo, web address, contract number and toll free number in all print electronic mail and other advertising and promotion intended for release to PA, MD, DC, DE and NY excluding national marketing releases.
2. The KPN logo and associated KPN information shall be of a clearly readable size and in appropriate proportion to other elements in the printed material.
3. Vendor agrees to provide KPN with a copy or proof sheet of the advertisement or promotion material. Vendor will provide KPN with date of release and name of publication, journal, etc.
4. Vendor shall place a supplied KPN vendor sign on booths, tables, etc. of any or all exhibits for which the vendor displays/participates at tradeshows, conventions and the like. Vendor will supply in advance scheduled exhibit dates. Vendor agrees to make available at the exhibit KPN supplied brochures or other promotion materials.

e. Vendor agrees to insert the approved KPN logo, web address, contract number and toll free number on the vendor's web site promoting or a specific KPN landing page and providing a link to the KPN website.

f. Vendor will supply product catalog information, product description, pricing, etc., in a spreadsheet format as specified by KPN for inclusion on the KPN website.

g. Vendor agrees to cooperate in developing appropriate website content to promote its products, services and their advantages to KPN members.

h. Requested materials will be submitted to KPN within 30 days.

Pricing and Ordering: Vendor will provide all pricing information in an electronic format and/or setup an electronic ordering system that would show the current contract prices along with the KPN administrative fee of 2% or as adjusted by the KPN. In the case of electronic ordering, the KPN would have administrative reporting capabilities with an online ordering system. The KPN administrative fee will apply to all purchases, installation, total lease, total rental prices and all construction and installation and annual maintenance fees and will be included in the net price offered to the purchasing agency.

B. **Additional Member Agency General Terms and Conditions for <u>Non-Construction Products and Services</u>**

None

C. **Additional Member Agency General Terms and Conditions for <u>Construction Products and Services</u>**

The following items refer to all projects involving construction or construction related services:

Vendor and/or Contractor agrees that, in performance of the services required under this Agreement, Vendor and/or Contractor shall abide by all Federal, State, Local, and Pennsylvania Department of Education laws, and regulations that may apply to renovation under this bid, including, but not limited to, those listed below. Vendor and/or Contractor shall also abide by the state and local laws and regulations of other states where a member is located. It is the responsibility of the Vendor or Contractor to determine applicability and requirements of any such laws and to abide by them. Additionally, Contractor has the sole responsibility for compliance with all other matters in conjunction with the services to be performed hereunder and in the Invitation for Bid.

PERFORMANCE AND LABOR AND MATERIAL PAYMENT BONDS: The Contractor shall provide a performance bond and a labor and material payment bond, each in the amount of 100% of the contract price, before the award of the contract. (Sections 756 and 757 of the Public School Code of 1949, as amended, and the Public Works Contractors Bond Law of 1967.)

DISCRIMINATION PROHIBITED: According to 62 Pa.C.S.A. 3701, the Contractor agrees that:

(1.) In the hiring of employees for the performance of work under the contract or any subcontract, no Contractor, Subcontractor or any person acting on behalf of the Contractor or Subcontractor shall by reason of gender, race, creed or color discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

(2.) No Contractor or Subcontractor or any person on their behalf shall in any manner discriminate against or intimidate any employee hired for the performance of work under the contract on account of gender, race, creed or color.

(3.) The contract may be canceled or terminated by the government agency and all money due or to become due under the contract may be forfeited for a violation of the terms or conditions of that portion of the contract.

HUMAN RELATIONS ACT: The provisions of the Pennsylvania Human Relations Act, Act 222 of October 27, 1955 (P. L. 744) (43 P.S. Section 951, ET. Seq.) of the Commonwealth of Pennsylvania prohibit discrimination because of race, color, religious

creed, ancestry, age, sex, national origin, handicap or disability, by employers, employment agencies, labor organizations, Contractors and others. The Contractor shall agree to comply with the provisions of this Act as amended that are made part of this specification. Your attention is directed to the language of the Commonwealth's non-discrimination clause in 16 Pa. Code 49.101.

COMPETENT WORKMEN: Projects where the total estimated cost is $25,000 or less, Section 7-752 of the Public School Code of 1949, no person shall be employed to do work under such contract except competent and first class workmen and mechanics. No workmen shall be regarded as competent first class, within the meaning of this Act, except those who are duly skilled in their respective branches of labor, and who shall be paid not less than such rates of wages and for such hours work as shall be established and current rates of wages paid for such hours by employers of organized labor in doing of similar work in the district where work is being done.

PENNSYLVANIA PREVAILING WAGE RATES: Projects where the total estimated cost is greater than $25,000, paid for in whole or in part out of funds of a public body, except for maintenance work or work performed under a rehabilitation program or manpower training program must specify "Prevailing Wages." Further information on implementation of the act, definition of maintenance work and prevailing wage rates may be requested from the Pennsylvania Department of Labor and Industry (800-932-0665 or 717-787-4763). When applicable, use Davis-Bacon wage rates for federally assisted projects. This regulation and the general Pennsylvania prevailing minimum wage rates, (Act 442 of 1961, P.L. 987, amended), as determined by the Secretary of Labor and Industry, which shall be paid for each craft or classification of all workers needed to perform the contract during the anticipated term therefore in the locality in which public work is performed, are made part of this specification.

(1.) The general prevailing minimum wage rates including contributions for employee benefits as shall have been determined by the Secretary of Labor and Industry (hereinafter "Secretary"), which must be paid to the workmen, employed in the performance of the Contract.

(2.) The Contractor shall pay no less than the wage rates as determined in the decision of the Secretary and shall comply with the conditions of the Pennsylvania Prevailing Wage Act approved August 15, 1961 (Act No. 442), as amended August 9, 1963 (Act No. 342), and the Regulations issued pursuant thereto, to assure the full and proper payment of said rates.

(3.) These Contract provisions shall apply to all work performed on the Contract by the Contractor and to all work performed on the contract by all Subcontractors.

(4.) The Contractor shall insert in each of his subcontracts all of the stipulations contained in these required provisions.

(5.) No workmen may be employed on the Work except in accordance with the classifications set forth in the decision of the Secretary. In the event that additional or different classifications are necessary the procedure set forth in the Regulations shall be followed.

(6.) All workmen employed or working on the Work shall be paid unconditionally, regardless of whether any contractual relationship exists or the contractual relationship which may be alleged to exist between any Contractor, Subcontractor and workmen, not less than once a week without deductions or rebate, on any account, either directly or indirectly, except authorized deductions, the full amount due at the time of payment, computed at the rates applicable to the time worked in the appropriate classification. Nothing in this Contract, the Act or the Regulations shall prohibit the payment of more than the general prevailing minimum wage rates as determined by the Secretary to the workmen on the Work.

(7.) The Contractor and each Subcontractor shall post for the entire period of construction the wage determination decisions of the Secretary, including the effective date of any changes thereof, in a prominent and easily accessible place or places at the site of the work and at such place or places used by them to pay workmen their wages. The posted notice of wage rates must contain the following information:

a. Name of project.

b. Name of public body of which it is constructed.

c. The crafts and classifications of workmen listed in the Secretary's general prevailing minimum wage rate determination for the particular project.

d. The general prevailing minimum wage rates determined for each craft and classification and the effective date of any changes.

e. A statement advising workmen that if they have been paid less than the general prevailing minimum wage rate for their job classification or that the Contractor and/or Subcontractor are not complying with the Act or the Regulations in any manner whatsoever, they may file a protest with the Secretary within three (3) months of the date of the occurrence, objecting to the payment to the Contractor to the extent of the amount or amounts due or to become due to them as wages for work performed on the Project. Any workmen paid less than the rate specified in the Contract shall have a civil right of action for the difference between the wage paid and wages stipulated in the Contract, which right of action must be exercised within six (6) months from the occurrence of the event creating such right.

(8.) The Contractor and all Subcontractors, shall keep an accurate record showing the name, craft and/or classification, number of hours worked per day, and the actual hourly rate of wage paid (including employee benefits) to each workman employed by him in connection with the Work and such record must include any deductions from each workman. The record shall be preserved for two (2) years from the date of payment and shall open at all reasonable hours to the inspection of the Owner and to the Secretary or his duly authorized representative.

(9.) Apprentices shall be limited to such numbers as shall be in accordance with a bona fide apprenticeship program registered

with and approved by the Pennsylvania Apprenticeship and Training Council and only apprentices whose training and employment are in full compliance with the provisions of the Apprenticeship and Training Act approved July 14, 1961 (Act No. 304) and the Rules and Regulation issued pursuant thereto shall be employed on the Work. Any workmen using the tools of a craft that does not qualify as an apprentice within the provisions of this submission shall be paid the rate predetermined for journeyman in that particular craft and/or classification.

(10.) Wages shall be paid without any deductions except authorized deductions. Employers not party to a contract requiring contributions for employee benefits which the Secretary has determined to be included in the general prevailing minimum wage rate shall pay the monetary equivalent thereof directly to the workman.

(11.) Payment of compensation to workmen for work performed on public work on a lump sum basis, or a piece work system, or a price certain for the completion of a certain amount of work, or the production of a certain result shall be deemed a violation of the Act and the Regulations, regardless of the average hourly earnings resulting there from.

(12.) Each Contractor and each Subcontractor shall file a statement each week and a final statement at the conclusion of the Work on the Contract with Owner, under oath, and in form satisfactory to the Secretary, certifying that all workmen have been paid wages in strict conformity with the provisions of the Contract as prescribed by the Regulations, or if any wages remain unpaid, to the amount of wages due and owing to each workman respectively.

(13.) The provision of the Act and the Regulations are incorporated by reference in the Contract.

(14.) The current prevailing wage threshold for Pennsylvania is $25,000. However the threshold may be increased during the term on the contract by legislated action. Vendor will then be required to adjust labor rate for job under the new threshold.

(15.) The following applies to all prevailing wage projects:

E-Verify. The successful Bidder and its subcontractors (as such term is defined in the act) are required to comply with the Public Works Employment Verification Act, Act No. 127, July 5, 2012 (formerly Senate Bill 637). All Bidders shall submit with their Bid a Public Works Employment Verification Form (the "Verification Form") to CSIU - KPN in the form published by the Commonwealth of Pennsylvania, Department of General Services. Per the act, the Verification Form is to be obtained from the Secretary of the Pennsylvania Department of General Services. The Verification Form is presently available on the Department of General Services website. Per the act, the Verification Form shall include a certification that the information in the statement is true and correct and that the individual signing the statement understands that the submission of false or misleading information in connection with the verification shall subject the individual and the public works contactor or subcontractor, as the case may be, to sanctions provided by law; and the verification form shall be signed by a representative of the public works contractor or subcontractor, as applicable, who has sufficient knowledge and authority to make the representations and certifications contained in the statement. Prior to award of a contract or purchase order by a Member Agency to the successful Bidder for a particular project, the successful Bidder shall submit to the Member Agency a Verification Form. Per the act, the successful Bidder's subcontractors shall provide to the Member Agency, and successful Bidder shall cause its subcontractors to provide to the Member Agency, their Verification Forms prior to commencing work on the Member Agency's project.

STANDARD OF QUALITY: The various materials and products specified in the specifications by name or description are given to establish a standard of quality and of cost for bid purposes. It is not the intent to limit the Bidder, the bid or the evaluation of the bid to any one material or product specified but rather to describe the minimum standard. When proprietary names are used, they shall be followed by the words "or alternatives of the quality necessary to meet the specifications". A bid containing an alternative, which does not meet the specifications, may be declared non-responsive. A bid containing an alternative may be accepted but if an award is made to that Bidder the Bidder will be required to replace any alternatives, which do not meet the specifications.

PROVISIONS FOR THE USE OF STEEL AND STEEL PRODUCTS MADE IN THE U.S.: In accordance with Act 3 of the 1978 General Assembly of the Commonwealth of Pennsylvania, if any steel or steel products are to be used or supplied in the performance of the contract, only those produced in the United States as defined therein shall be used or supplied in the performance of the contract or any subcontracts thereunder in accordance with Act 161 of 1982, cast iron products shall also be included and produced in the United States. Act 141 of 1984 further defines "steel products" to include machinery and equipment. The act also provides clarifications and penalties.

PROHIBITION ON CASH ALLOWANCES: Cash allowances are prohibited.

TIME(S) OF COMPLETION OF THE PROJECT: Contractor/Vendor shall complete all work within 180 days after entry into a contract with the individual Member. Member and Contractor/Vendor may agree in writing on a lesser number of workdays depending on the scope of the project.

Owner's Compliance in Retaining Payments: Unless a member stipulates otherwise, Payment Retentions and Progress Payments shall be as follows: Ten percent (10%) of all contract payments shall be retained by the member as insurance of proper performance of the prime Contractor. Prime Contractor agrees to identify the amount of the invoices sent to the member school districts, then send copies of the invoices to the KPN. When fifty percent (50%) of the work is completed, as determined by the school district, one-half (1/2) of the amount retained shall be paid to the prime Contractor, if the prime Contractor requests payment, provided that the prime Contractor is making satisfactory progress and there is no specific cause for greater withholding. After the work is fifty percent (50%) completed, no more than five percent (5%) of the amount of any subsequent progress payments shall be retained, unless the governing board of the member determines that satisfactory progress is not being made, at which point ten percent retention shall be reinstated. If the member and the prime Contractor

agree to a substitute security, the agreement must be in full compliance with Pennsylvania law. If the substitute security is agreed to, the prime Contractor must provide KPN and the member with assigned and acknowledged waiver of any right or power of the obligor to set off any claim against KPN, the member, or the prime Contractor, in relationship to the security assigned. The prime Contractor, as authorized above, will pay any interest due a Subcontractor or material supplier. A Subcontractor to the prime Contractor may request, in writing, that the Subcontractor be notified by KPN within five (5) days of payment of each progress payment made to the prime Contractor. It is the responsibility of the prime Contractor to inform all suppliers and Subcontractors that this contract is a cooperative purchasing contract. Once all bonds are in place, the prime Contractor and the authorized agent of the member will agree in writing upon a schedule of payments based on identifiable milestones. Retaining of payments must be done in accord with 62 Pa.C.S.A. § 3921.

A contract containing a provision for retainage as provided in section 3921 (relating to retainage) shall contain a provision requiring the architect or engineer to make final inspection within 30 days of receipt of the request of the Contractor for final inspection and application for final payment. If the work is substantially completed, the architect or engineer shall issue a certificate of completion and a final certificate for payment, and the government agency shall make payment in full within 45 days except as provided in section 3921, less only one and one-half times the amount required to complete any then-remaining uncompleted minor items, which amount shall be certified by the architect or engineer and, upon receipt by the government agency of any guarantee bonds which may be required, in accordance with the contract, to insure proper workmanship for a designated period of time. The certificate given by the architect or engineer shall list in detail each uncompleted item and a reasonable cost of completion. Final payment of any amount withheld for the completion of the minor items shall be paid upon completion of the items in the certificate of the engineer or architect.

WORKERS' COMPENSATION ACT: The Contractor shall accept, insofar as the work covered by their contract is concerned, the provisions of the Workers' Compensation Act 44 of 1993, and any supplements of amendments thereof, including any which may hereafter be passed, and shall insure the Contractor's full liability there under for all parts of their contract being performed by the Contractor, the Contractor's partners, associates, employees or those of any the Contractor may employ herein, or file with the Entity a certificate of exemption from insurance from the Bureau of Workers' Compensation of the Department of Labor and Industry.

The Contractor shall, at all times, indemnify and save harmless the school entities of and from all claims for Workers' Compensation which may be made by any of the employees of the Contractor or by any of the employees to whom the Contractor may have let the performance of any part of the work embraced by their contract and the Contractor shall appear for and defend the school entities against any and all such claims. The Contractor shall be covered by Employers' Liability Insurance with a minimum limit of $250,000 for each employee, $2,000,000 policy limit and $250,000 for each accident.

ACT 34 CRIMINAL BACKGROUND CHECKS: Independent Contractors and their employees who provide services to a Pennsylvania school entity are required to obtain a report of "Criminal History Record Information" from the Pennsylvania State Police. In the case of non-Pennsylvania residents, a report of "Federal Criminal Record Information" from the FBI is required in addition to the Pennsylvania State Police Report.

Contractors shall be required to do the following:

(1.) Present the original document/s Report of Criminal History Records information from the Pennsylvania State Police, report of Federal Criminal History Record Information from the Federal Bureau of Investigation to the Superintendent or the Superintendent's designee prior to the beginning of work for the school entity. The school entity shall retain a copy of the background check information and shall note on that copy the date on which the original document was inspected and the name of the administrator who viewed the original. This copy shall be retained in the school entity records with the original being returned to the Contractor.

(2.) If any new employees are added to the workforce during the course of the work, such employee(s) must follow the same procedure described above prior to any work for the school entity.

(3.) All costs for the Criminal History Information check(s) shall be borne by the perspective Contractor.

(4.) The school entity shall notify the Contractor in writing if the decision not to employ the Contractor or the Contractor's employees is based in whole or in part on criminal history records information.

(5.) The school entity shall follow the regulations promulgated by the State Board of Education concerning the confidentiality of the Criminal History Report Information obtained pursuant to the Act.

Upon written notice from the school entity, Contractors shall have all such persons removed from the project. School entity's right to declare such persons unfit shall not be limited to the required exclusion of persons from school property as set forth in Section 1-111 of the Pennsylvania School Code and/or Act 151 of 1994.

CHILD PROTECTIVE SERVICES BACKGROUND CHECKS: Prior to commencing work under the contract, the Contractor shall submit for any employee or independent Contractor who would be working on a school entity's site pursuant to work contemplated in the contract, an official clearance statement obtain from the Pennsylvania Department of Welfare pursuant to Act 151 of December 16, 1994 (P.L. 1292) subchapter C2 of the Child Protective Services Act. Contractor shall not allow any prospective employee or independent Contractor on the job site prior to providing the school entity with the above-referred clearance statement for prospective employees or independent Contractors.

ANTIBID-RIGGING ACT (NON-COLLUSION): In accordance with the Commonwealth of Pennsylvania's Antibid-Rigging Act, 62 Pa. C.S.A.§ 4501 et seq., the Contractor shall execute and submit with the bid a Non-Collusion Affidavit required by the Agency. Each party to the joint venture must be identified in the bid documents, and an Affidavit must be submitted separately on

behalf of each party.

PREVENTION OF ENVIRONMENTAL POLLUTION: Section 3301 of the Pennsylvania Commonwealth Procurement Code requires that all Invitations for Bids and requests for proposals for construction projects issued by any governmental agencies shall set forth any provision of Federal and State statutes, rules, and regulations dealing with prevention of environmental pollution and the preservation of public natural resources that affect the Project. A Notice of said provisions prepared by the Pennsylvania Department of Environmental Resources under Act 247 of 1972, 52 P.S. § 1612 (repealed) is available from Mark C. Carollo, Associate Director of Cooperative Purchasing at the Keystone Purchasing Network, 90 Lawton Lane, Milton, PA 17847. His telephone number is 570-246-5936, and his e-mail address is mcarollo@csiu.org. Said Notice is hereby incorporated by reference. Contractor is hereby notified and agrees to comply with the terms of all statutes, rules and regulations enumerated in the Notice.

ARCHITECTURAL SERVICES: For those Members who are Pennsylvania Public School Districts, and whose projects require architectural or engineering services, your attention is directed to Section 7-751.1 of the Pennsylvania Public School Code (24 P.S. § 7-751.1), which requires a public school district to engage an architect/engineer that is independent from the Vendor/Contractor's architect/engineer.

MULTIPLE PRIME CONTRACTORS: For those Members who are Pennsylvania Public School Districts, your attention is directed to Section 7-751 of the Pennsylvania Public School Code (24 P.S. § 7-751), which requires a public school district to use separate prime Contractors for plumbing, heating and ventilating, and electrical work. To the extent a school district's project extends beyond general construction services, the school district will need to separately bid plumbing, heating and ventilating, and electrical work, and should consult with its individual solicitor for compliance with Section 7-751. For other Members who are subject to multiple prime requirements under applicable bidding laws, such Members should consult with their individual solicitors for compliance with said requirements.

D. Procedure for Processing Orders

Once the award is made to the Contractor/vendor, KPN will inform its members of the contract by: (1) including the contract in the agency database that is available on the KPN website, (2) announcing the award in its periodic newsletter, and (3) publishing the contract information in a catalog disseminated to all members. A list of members, institution names, contact names, addresses and phone number will be made available to the vendor in an electronic format. At this point the Contractor/vendor contacts the members and members may contact the Contractor/vendor. When the member identifies a product or service it issues a purchase order for that item to the vendor. The vendor's price to its members will include the following administrative fees: currently 2% (two percent) on all supplies, equipment and construction, rental or lease, annual subscription fee, etc.; and others administrative fees as approved by KPN and will be collected from the member or other qualifying purchaser. KPN reserves the right to adjust the administrative fee at any time during the duration of the contract and any renewal period or to modify the administrative fee based on volume of purchase. If the administrative fee is reduced due to the size of the project the vendor will show the adjustment on the quote. The vendor will also compile a quarterly report showing all purchases made by KPN members under this contract. The vendor will also produce an annual report for all purchases made under this contract for a period beginning with the award of the contract through December 31st and all consecutive 12-month periods if contract is extended. The vendor will make all administrative fee payments to KPN by the 15th of the succeeding month of each 3-month period (quarterly) after they have received payment from the member agency and all checks are to be made payable to the Central Susquehanna Intermediate Unit (CSIU) and sent to Keystone Purchasing Network, 90 Lawton Lane, Milton, PA 17847, and Attention: Mark C. Carollo. All reporting of purchases will be broken down by entity by state and will show purchaser, total dollar and date of purchase.

E. Agencies Allowed to Purchase under the Member Agency

The Keystone Purchasing Network (KPN) is a cooperative purchasing program operated by the Central Susquehanna Intermediate Unit under various state inter-governmental cooperation laws. Every public school district in the state is eligible to become a member and must complete a membership application with the KPN. No member is obligated to use these services, but they find the benefits of low price and not needing to go through the bidding process most advantageous. Only those members listed on an approved KPN membership list are eligible to purchase under these contracts. This list may change during the contract period and currently includes members from Pennsylvania, Maryland, New York, Delaware, District of Columbia and other Northeast & Mid-Atlantic states. Vendors may choose to offer KPN in other non-AEPA member states where cooperative purchasing laws allow.

Additional members may include other public educational institutions in the state, college, university, community colleges, vocational schools, charter schools, municipal and county governments and other non-profit organizations from Pennsylvania or any other state where a member is located. Membership from other entities is permitted by various intergovernmental cooperative purchasing laws or regulation from their home state.

As member agencies from other states are added to the membership of the KPN the awarded vendor(s) agrees to abide by all state and local laws and/or regulations that may apply to any purchase of products, services or construction by these agencies. KPN reserves the right to market any AEPA contract under any cooperative program name that it may choose in the future on a national basis in any non-AEPA member state.

23. **South Carolina, Carolinas Alliance 4 Innovation**

1. **General Overview**
   a. Carolinas Alliance 4 Innovation (CA4I) is now the AEPA representative for the state of South Carolina.
   b. CA4I is a non-profit public benefit corporation whose mission is to promote innovative solutions in transportation, infrastructure, engineering and education for the purpose of economic development.
2. **Eligible Entities**
   a. CA4I is able to serve City, County, and State Government; K-12 Public and Private Schools; Colleges and Universities; Public Libraries; and Non-Profit Organizations.
3. **General Terms and Conditions that apply for all categories**
   a. **Governing Law:** The laws of the State of South Carolina govern all contracts resulting from this solicitation. Each provision of law and clause required by law to be included in a contract shall be deemed to be inserted herein and the contract shall be read and enforced as though it were included. If through mistake or otherwise any such provision is not included, or is not currently included, then upon application of either party the Contract shall be physically amended to make such inclusion or correction.
   b. **Governing Venue:** The resulting contract award shall be deemed to have been made and performed in Greenville County, South Carolina. For venue, all legal arbitration or causes for action arising out of the resulting agreement shall be brought to the courts of Greenville County, South Carolina.
   c. **Hazardous Substances:** All hazardous products purchased by members shall include a Safety Data Sheet (SDS) with the delivery.
   d. **Award:** Upon acceptance and approval of the Vendor's offer by AEPA, CA4I will independently consider the recommendation based on the value of the potential contract for its participating agencies. In the event of an award, CA4I will inform its members of the award and contract by the following methods along with contract instructions and ordering process.
   e. **Processing Orders:** When the member identifies a desired product or service, the member and the vendor may negotiate with each other to establish a description of items and/or services. The vendor shall quote a price to the member, in writing, using AEPA established discounts and including the two percent (2%) administrative fee in the quoted price. The administrative fee shall be based upon the total cost of goods and/or services including installation costs. The administrative fee shall not be listed as a separate line item on the quote. When a member decides to purchase through the CA4I-AEPA contract, the member issues the purchase order directly to the vendor. The purchase order must include the total invoiced cost, based on
      i. The total cost of goods, service, and installation, including the 2% administrative fee.
      ii. Notification will be made to the vendor in the event the purchase order is not in compliance with the contract and adjustments will be made at that time. CA4I and the Vendor will mutually resolve any issues concerning past purchases. The purchase orders are to continue to be processed and viewed as approved unless notified by CA4I otherwise. All sales and transactions may continue without delay or in anticipation of the CPC purchase order verification.
      iii. Once all the items and services on the purchase order have been delivered to the member completely and satisfactorily, the Vendor then files a copy of the final invoice, which is available to CA4I by request in support of the quarterly sales summary.
      iv. The Vendor makes all deliveries and installations of products and services. CA4I does not warehouse items or provide installation services.
      v. This administrative fee is to be paid by the vendor to CA4I, quarterly, within 20 working days after the end of each fiscal quarter. The AEPA vendor shall also submit to CA4I a sales report, in Excel format, listing the following information:
         1. Name of purchasing agency
         2. Address of purchasing agency (city, state, zip code)
         3. Date of purchase
         4. Invoice number
         5. Amount of purchase
         6. Administrative fee generated by sale
         7. Savings generated by sale

This report shall include all sales made and payments received by the vendor in the said quarter. The sales report shall be emailed to Fred Payne, fred.payne@ca4i.org

24. **TexBuy, a Cooperative Purchasing Shared Services Cooperative Sponsored by the Region 16 Education Service Center Education Service Center**

A. Additional Agency Terms and Conditions

(1) **TexBuy funding:** The total cost of the TexBuy program is funded through a participation fee up to two percent (2%) paid to TexBuy by the Contractors. This fee shall be included in all pricing to TexBuy and its participating agencies. The fee is based on actual Contractor sales. TexBuy does not charge any fees to participating government agencies.

(2) **Tax exempt status:** All government agencies participating in TexBuy are exempt from payment of taxes under Texas Tax Code §151.309 for the purchase of tangible personal property.

(3) **Minority and Women Business Enterprise (MWBE) participation:** It is the policy of some TexBuy participants to involve MWBE Contractors in the purchase of goods and services. Contractors shall indicate on the proposal form whether or not they are an MWBE.

(4) **Bid awards** shall not consider whether a vendor is a member of or has another relationship with any organization and bid specifications (and subsequent contracts) shall not deny or diminish the right of a person to work because of the person's membership or other relationship status with respect to any organization in accordance with Texas Education Code §44.043.

(5) **Felony Conviction Notice** (TexBuy Contractors will be required to sign a standard affidavit required by the State of Texas): Texas Education Code, Section 44.034, Notification of Criminal History, Subsection (a), states "a person or business entity that enters into a contract with a school district must give advance notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in the conviction of a felony." Subsection (b) states "a school district may terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in the conviction. The district must compensate the person or business entity for services performed before the termination of the contract." This notice is not required of a publicly held corporation.

(6) **SB 9: Criminal History and Background Checks,** in accordance with Texas Education Code Chapter 22, shall be required should any employee or agent of a contractor awarded a bid have "continuing duties related to the contracted services" with a school district and that employee or agent will have "direct contact with students" (as those terms are defined in 19 Texas Administrative Code §153.1101).

(7) **Debarment and Suspension:** Under Executive Order 12549 in the Federal Register and Rules and Regulations, TexBuy and TexBuy participants shall not do business with a vendor that has been debarred, suspended, or is otherwise ineligible for participation in Federal Assistance Programs.

(8) **Conflict of Interest:** In accordance with Texas Local Government Code Chapter 176, vendors/contractors who have a business relationship as defined by Section 176.001(1-a) with a local government entity and meet the requirements under section 176.006(a) must file a Conflict of Interest Questionnaire (Form CIQ) with the local government entity when:

(a.) The vendor/contractor has entered into a contract with the local government entity or the local government entity is considering entering into a contract with the vendor.

(b.) AND the vendor provides certain income or gifts to a Local Government Officer (LGO) or first-degree relatives as defined in the Texas Government Code

(c.) OR a family relationship exists between the LGO and the vendor's employees or agents as defined in the Texas Government Code.

(9) **EDGAR Certification (Education Department General Administrative Regulations):** In accordance with Federal Regulations under 2 CFR § 200.318(c)(1) – When a Cooperative member seeks to procure goods and services using funds under a federal grant or contract, specific federal laws, regulations, and requirements may apply in addition to those under state law. This includes, but is not limited to, the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200 (also known as the "Uniform Guidance" or new "EDGAR''). All Vendors submitting Proposals must complete this EDGAR Certification Form regarding the Offeror's willingness and ability to comply with certain requirements which may be applicable to specific TexBuy member purchases using federal grant funds. This completed form will be made available to TexBuy members for their use while considering their purchasing options when using federal grant funds. Members may also require Vendors to enter into ancillary agreements, in addition to the TexBuy's general terms and conditions, to address the member's specific contractual needs, including contract requirements for a procurement using federal grants or contracts.

(10) **Antitrust Certification:** In accordance with Texas Government Code 2155.005, a local government entity shall not enter into contract with a vendor/contractor that has violated any provision of the Texas Antitrust laws referenced in Texas Business & Commerce Code Chapter 15 or any Federal antitrust laws.

(11) **H.B 89 Verification:** In accordance with chapter 2270 of the Texas Government code, a local government entity (city, school district, special district, etc) may not enter into a contract with a for-profit company unless the local

government entity obtains written verification that the company does not and will not boycott Israel during the term of the contract.

B. Additional Agency Terms and Conditions for Non-Construction Products and Services

(1) **State of Texas Franchise Tax**: By signature hereon, the bidder certifies that he/she is not currently delinquent in the payment of any franchise taxes owed the State of Texas under Chapter 171, Texas Tax Code.

(2) **Agricultural products**, including textiles and other similar products, are not to be made available to Texas school districts through the agreement, unless such products produced, processed, or grown in the state of Texas are given a preference in accordance with Texas Education Code §44.042.

C. Additional Agency Terms and Conditions for Construction Products and Services as required by law in the State of Texas:

(1) **Certification of Residency (TexBuy Contractors will be required to sign a standard affidavit required by the State of Texas):** The State of Texas has a law concerning non-resident Contractors. This law can be found in Texas Government Code under Chapter 2252, Subchapter A. This law makes it necessary for TexBuy to determine the residency of its Contractors. In part, this law reads as follows:

(a.) **Section: 2252.001**
"Non-resident bidder" refers to a person who is not a resident. "Resident bidder" refers to a person whose principal place of business is in this state, including a Contractor whose ultimate parent company or majority owner has its principal place of business in this state."

(b.) **Section: 2252.002**
"A governmental entity may not award a governmental contract to a non-resident bidder unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located."

(2) **Security**

(a.) **Bid Security**, when required by Texas Law, shall be furnished with the bid. The Bid Security shall consist of a certified check, cashier's check or a bid bond in the amount of ten percent (10%) of the total bid (or as otherwise stated in the RFB) that shall be a guarantee to furnish Performance and Payment Bonds. Bid Security shall be to TexBuy.

(b.) **The Successful Bidder's Security** will be retained until the Contract is signed and the required Performance and Payment Bonds have been furnished. If any bidder refuses to enter into a contract within 30 days or fails to furnish the required bonds, TexBuy will retain the Bid Security as liquidated damages, but not as a penalty.

(c.) **Performance Bonds** when required by Texas Law, shall be furnished by the successful bidder in an amount equal to one hundred percent (100%) of the total amount of the contract sum, underwritten by such Surety Company as the Participating Agency may approve, conditioned upon the faithful performance of the work in accordance with the plans, specifications, and contract documents. Said bond shall be solely for the protection of the Participating Agency.

(d.) **Payment Bonds** when required by Texas Law shall be furnished by the successful bidder, in the amount of the contract, solely for the protection of all claimants supplying labor and material as hereinafter defined, in the prosecution of the work provided in said contract, for the use of each claimant.

(e.) **Prevailing Wage** must be paid to any contractors or subcontractors or their employees or agents in performing any work under the awarded bid.

(f.) **Criminal History Background Checks** in accordance with Texas Education Code §22.0834 shall be required should any employee or agent of a contractor awarded a bid have "continuing duties related to the contracted services" with a school district and that employee or agent will have "direct contact with students" (as those terms are defined in 19 Texas Administrative Code 153.1101).

(3) **Insurance:** The Contractor shall file with the Participating Agency's designee, Insurance Certificates, as described herein, evidencing the coverage required, and shall be supplied within ten (10) calendar days after receipt of the written "Notice of Award". In no instance shall the Contractor begin work prior to the filing of the insurance requirements. Failure to do so shall be grounds to void the contract. The Participating Agency's designee shall be given ten (10) days notice prior to the cancellation or change of any of the required insurance coverage. The Participating Agency shall be named as Certificate Holder.

(a.) Contractor's Liability Insurance: Produce and maintain in force the following kinds of insurance of companies acceptable to the Owner. Minimum Limits of Liability are stated.

Contractor's Liability Insurance:
Employer's Insurance Workers' Compensation—Statutory Employer's Liability
Bodily Injury by Accident Each Occurrence—$100,000.00
Bodily Injury by Disease Each Employee—$100,000.00

Policy Limit—$500,000.00

Commercial General Liability -Combined Limits of Bodily and Personal Injury and Property Damage:
Single Limit—$500,000.00
Unimpaired Aggregate—$500,000.00

Comprehensive Automobile Liability - Including non-ownership, hired and owned vehicle coverage:
Bodily Damage Each Person—$250,000.00
Each Occurrence—$500,000.00
Property Damage Each Occurrence—$250,000.00

(b.) Owner's Insurance: Carry and pay for Owner's Protective Liability Insurance in the same amounts as specified above for the Contractor's General Liability. Name the Architect, Engineers, and Consultants as additional insured if applicable.

(c.) Comprehensive Catastrophic Liability: excess over the above liability policies in the amount of $2,000,000.00 each occurrence. (Combined Limit)

D. Procedure for Processing Orders

(1) Purchase orders are issued by participating agencies to the Contractor.

(2) "Automated contracts" may be negotiated with TexBuy that provide for purchase orders to be sent directly to the Contractor with reports of usage submitted periodically to TexBuy.

(3) Contractors deliver goods/services directly to the participating agency and then invoice the participating agency. The Contractor receives payment directly from the participating agency.

(4) TexBuy shall receive quarterly reports from the Contractor reflecting total sales made through the TexBuy contract with the Contractor. The Contractor shall remit payment of their participation fee up to two percent (2%) to TexBuy at net thirty-day (30) terms.

E. Members Purchasing Under the Agency

TexBuy is operated by Region 16 Education Service Center, Amarillo, Texas and is available for use by all public and private schools, colleges, universities, cities, counties and other government agencies in the State of Texas.

25. **Virginia, Fairfax County Public Schools**

Additional Agency Terms and Conditions that apply to all categories

AUTHORITY-The Purchasing Agent has the sole responsibility and authority for negotiating, placing and when necessary modifying every solicitation, contract and purchase order (except for capital construction projects) issued by the County of Fairfax. In the discharge of these responsibilities, the Purchasing Agent may be assisted by assigned Buyers. Unless specifically delegated by the County Purchasing Agent, no other County officer or employee is authorized to order supplies or services, enter into purchase negotiations or contracts, or in any way obligate the government of the County of Fairfax for indebtedness. Any purchase ordered or contract made which is contrary to these provisions and authorities shall be of no effect and void and the County shall not be bound thereby.

NOTE: Fairfax County does not discriminate against faith-based organizations, in accordance with the *Code of Virginia*, § 2.2-4343.1, or against a Bidder or Bidder because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment in the performance of its procurement activity.

GENERAL

1. **DEFINITIONS-**

   AGENCY: Any Department, Agency, Authority, Commission, Board or other unit in the Administrative Service of the County.

   BIDDER/BIDDER: Any individual, company, firm, corporation, partnership or other organization bidding on solicitations issued by the Purchasing Agent and offering to enter into contracts with the County. The term "Bidder" will be used throughout this document and shall be construed to mean "Bidder" where appropriate.

   CONTRACTOR: Any individual, company, firm, corporation, partnership or other organization to whom an award is made by the County.

   COUNTY: County of Fairfax.

   GOODS: All material, equipment, supplies, printing, and automated data processing/information technology hardware and software.

   PURCHASING AGENT: The Purchasing Agent employed by the Board of Supervisors of Fairfax County, Virginia.

   SERVICES: Any work performed by an independent Contractor wherein the service rendered does not consist primarily of acquisition of equipment or materials, or the rental of equipment, materials and supplies.

   STATE: Commonwealth of Virginia.

2. **FUNDING**-A contract shall be deemed binding only to the extent of appropriations available to each Agency for the purchase of goods and services.
3. **CONTRACT ALTERATIONS**-No alterations in the terms of a contract shall be valid or binding upon the County unless made in writing and signed by the Purchasing Agent or his or her authorized agent.
4. **SUBLETTING OF CONTRACT OR ASSIGNMENT OF CONTRACT FUNDS**-It is mutually understood and agreed that the Contractor shall not assign, transfer, convey, sublet or otherwise dispose of his or her contractual duties to any other person, firm or corporation, without the previous written consent of the Purchasing Agent. If the Contractor desires to assign his or her right to payment of the contract, Contractor shall notify the Purchasing Agent immediately, in writing, of such assignment of right to payment. In no case shall such assignment of contract relieve the Contractor from his or her obligations or change the terms of the contract.
5. **NEW GOODS, FRESH STOCK**-All Contractors, unless otherwise specifically stated, shall provide new commodities, fresh stock, latest model, design or pack.
6. **INSPECTION-ACCEPTANCE-**For determining acceptance of supplies in accordance with the provisions of the prompt payment discount paragraph, inspection and acceptance shall be accomplished only after examination (including testing) of supplies and services to determine whether the supplies and services conform to the contract requirements. Acceptance shall occur only after receipt and inspection provided such inspection, as appropriate, is accomplished within a reasonable time.

   DELIVERY/SERVICE FAILURES-Failure of a Contractor to deliver goods or services within the time specified, or within reasonable time as interpreted by the Purchasing Agent, or failure to make replacements/corrections of rejected articles/services when so requested, immediately or as directed by the Purchasing Agent, shall constitute authority for the Purchasing Agent to purchase in the open market articles/services of comparable grade/quality to replace the services, articles rejected, and/or not delivered. On all such purchases, the Contractor shall reimburse the County, within a reasonable time specified by the Purchasing Agent, for any expense incurred in excess of contract prices. Such purchases shall be deducted from the contract quantities if applicable. Should public necessity demand it, the County reserves the right to use or consume articles delivered or services performed which are substandard in quality, subject to an adjustment in price to be determined by the Purchasing Agent.
7. **GUARANTEES & WARRANTIES**-All guarantees and warranties required shall be furnished by the Contractor and shall be delivered to the Purchasing Agent before final payment on the contract is made. Unless otherwise stated, manufacturer's standard warranty applies.
8. **INSPECTIONS**-Inspection and acceptance of materials or supplies will be made after delivery at destinations herein specified unless otherwise stated. If inspection is made after delivery at destination herein specified, the County will bear

the expense of inspection except for the value of samples used in case of rejection. Final inspection shall be conclusive except in regard to latent defects, fraud or such gross mistakes as to amount to fraud. Final inspection and acceptance or rejection of the materials or supplies will be made as promptly as practicable, but failure to inspect and accept or reject materials or supplies shall not impose liability on the County for such materials or supplies as are not in accordance with the specifications.

9. **POINT OF DESTINATION**-All materials shipped to the County must be shipped F.O.B. DESTINATION unless otherwise stated in the contract or purchase order. The materials must be delivered to the "Ship to" address indicated on the purchase order.
10. **ADDITIONAL CHARGES**-Unless bought F.O.B. "shipping point" and Contractor prepays transportation, no delivery charges shall be added to invoices except when express delivery is authorized and substituted on orders for the method specified in the contract. In such cases, difference between freight or mail and express charges may be added to invoice.
11. **TERMINATION OF CONTRACTS**-Contracts will remain in force for full periods specified and/or until all articles ordered before date of termination shall have been satisfactorily delivered and accepted and thereafter until all requirements and conditions shall have been met, unless:
    a. Terminated prior to expiration date by satisfactory deliveries of entire contract requirements, or upon termination by the County for Convenience or Cause.
    b. Extended upon written authorization of the Purchasing Agent and accepted by Contractor, to permit ordering of unordered balances or additional quantities at contract prices and in accordance with contract terms.
12. **TERMINATION FOR CONVENIENCE**-A contract may be terminated in whole or in part by the County in accordance with this clause whenever the County Purchasing Agent shall determine that such a termination is in the best interest of the County. Any such termination shall be effected by delivery to the Contractor at least five (5) working days prior to the termination date of a Notice of Termination specifying the extent to which performance shall be terminated and the date upon which termination becomes effective. An equitable adjustment in the contract price shall be made for completed service, but no amount shall be allowed for anticipated profit on unperformed services.
13. TERMINATION OF CONTRACT FOR CAUSE-
    a. If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner his or her obligations under this contract, or if the Contractor shall violate any of the covenants, agreements, or stipulations of this contract, the County shall thereupon have the right to terminate, specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event all finished or unfinished documents, data, studies, surveys, drawings, maps, models, and reports prepared by the Contractor under the contract shall, at the option of the County, become its property and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents.
14. Notwithstanding the above, the Contractor shall not be relieved of liability to the County for damages sustained by the County by virtue of any breach of contract by the Contractor for the purpose of set off until such time as the exact amount of damages due to the County from the Contractor is determined.
15. **CHANGES-**Should it become proper or necessary in the execution of this contract to make any change in design, or to make any alterations which will increase the expense, the Purchasing Agent shall determine an equitable adjustment. No payment shall be made to the Contractor for any extra material or services, or of any greater amount of money than stipulated to be paid in the contract, unless some changes in or additions to the contract requiring additional outlay by the Contractor shall first have been expressly authorized and ordered in writing by contract amendment or otherwise furnished by the Purchasing Agent.
16. **GENERAL GUARANTY**-Contractor agrees to:
    a. Save the County, its agents and employees harmless from liability of any nature or kind for the use of any copyrighted or uncopyrighted composition; secret process, patented or unpatented; invention; article or appliance furnished or used in the performance of a contract for which the Contractor is not the patentee, assignee, licensee or owner.
    b. Protect the County against latent defective material or workmanship and to repair or replace any damages or marring occasioned in transit or delivery.
    c. Furnish adequate protection against damage to all work and to repair damages of any kind to the building or equipment, to his or her own work or to the work of other Contractors, for which his or her workers are responsible.
    d. Pay for all permits, licenses and fees and give all notices and comply with all laws, ordinances, rules and regulations of the County.
    e. Protect the County from loss or damage to County owned property while it is in the custody of the Contractor.
17. **SERVICE CONTRACT GUARANTY-**Contractor agrees to:
    a. Furnish services described in the solicitation and resultant contract at the times and places and in the manner and subject to conditions therein set forth provided that the County may reduce the said services at any time.
    b. Enter upon the performance of services with all due diligence and dispatch, assiduously press to its complete performance, and exercise therein the highest degree of skill and competence.
    c. All work and services rendered in strict conformance to all laws, statues, and ordinances and the applicable rules,

regulations, methods and procedures of all government boards, bureaus, offices and other agents.

d. Allow services to be inspected or reviewed by an employee of the County at any reasonable time and place selected by the County. Fairfax County shall be under no obligation to compensate Contractor for any services not rendered in strict conformity with the contract.

Stipulate that the presence of a County Inspector shall not lessen the obligation of the Contractor for performance in accordance with the contract requirements, or be deemed a defense on the part of the Contractor for infraction thereof. The Inspector is not authorized to revoke, alter, enlarge, relax, or release any of the requirements of the contract documents. Any omission or failure on the part of the Inspector to disapprove or reject any work or material shall not be construed to be an acceptance of any such defective work or material. Notification of an omission or failure will be documented by the Purchasing Agent.

18. **INDEMNIFICATION**-Contractor shall indemnify, keep and save harmless the County, its agents, officials, employees and volunteers against claims of injuries, death, damage to property, patent claims, suits, liabilities, judgments, cost and expenses which may otherwise accrue against the County in consequence of the granting of a contract or which may otherwise result therefrom, if it shall be determined that the act was caused through negligence or error, or omission of the Contractor or his or her employees, or that of the Subcontractor or his or her employees, if any; and the Contractor shall, at his or her own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith; and if any judgment shall be rendered against the County in any such action, the Contractor shall, at his or her own expense, satisfy and discharge the same. Contractor expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the County as herein provided.

19. **NON-DISCRIMINATION**-During the performance of this contract, the Contractor agrees as follows:

a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.

c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

d. The Contractor will include the provisions of the foregoing paragraphs a, b, and c above in every subcontract or purchase order of over $10,000 so that the provisions will be binding upon each Subcontractor or vendor.

e. Contractor and Subcontractor hereunder shall, throughout the term of this contract, comply with the Human Rights Ordinance, Chapter 11 of the Code of the County of Fairfax, Virginia, as reenacted or amended.

20. **DRUG FREE WORKPLACE-**During the performance of a contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract of over $10,000, so that the provisions will be binding upon each Subcontractor or vendor. For the purposes of this section, "drug- free workplace" means a site for the performance of work done in conjunction with a specific contract awarded to a Contractor in accordance with this section, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

21. OFFICIALS NOT TO BENEFIT-

a. Each Bidder or Bidder shall certify, upon signing a bid or proposal, that to the best of his or her knowledge no Fairfax County official or employee having official responsibility for the procurement transaction, or member of his or her immediate family, has received or will receive any financial benefit of more than nominal or minimal value relating to the award of this contract. If such a benefit has been received or will be received, this fact shall be disclosed with the bid or proposal or as soon thereafter as it appears that such a benefit will be received. Failure to disclose the information prescribed above may result in suspension or debarment, or rescission of the contract made, or could affect payment pursuant to the terms of the contract.

b. Whenever there is reason to believe that a financial benefit of the sort described in paragraph "a" has been or will be received in connection with a bid, proposal or contract, and that the Contractor has failed to disclose such benefit or has inadequately disclosed it, the County Executive, as a prerequisite to payment pursuant to the contract, or at any other time, may require the Contractor to furnish, under oath, answers to any interrogatories related to such possible

benefit.

c. In the event the Bidder or Bidder has knowledge of benefits as outlined above, this information should be submitted with the bid or proposal. If the above does not apply at time of award of contract and becomes known after inception of a contract, the Bidder or Bidder shall address the disclosure of such facts to the Fairfax County Purchasing Agent, 12000 Government Center Parkway, Suite 427, Fairfax, Virginia 22035-0013. Relevant Invitation/Request for Proposal Number (see cover sheet) should be referenced in the disclosure.

LICENSE REQUIREMENT-All firms doing business in Fairfax County, shall obtain a license as required by Chapter 4, Article 7, of The Code of the County of Fairfax, Virginia, as amended, entitled "Business, Professional and Occupational Licensing (BPOL) Tax." Questions concerning the BPOL Tax should be directed to the Department of Tax Administration, telephone (703) 222-8234 or visit: http://www.fairfaxcounty.gov/dta/business_tax.htm. The BPOL Tax number must be indicated in the space provided on the Cover Sheet, "Fairfax License Tax No." when appropriate.

22. **REGISTERING OF CORPORATIONS**-Any foreign corporation transacting business in Virginia shall secure a certificate of authority as required by Section 13.1-757 of the Code of Virginia, from the State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23209. The Commission may be reached at (804) 371-9733. The consequences of failing to secure a certificate of authority are set forth in Virginia Code Section 13.1-758.

23. **COVENANT AGAINST CONTINGENT FEES**-The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For violation of this warranty, the County shall have the right to terminate or suspend this contract without liability to the County or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

24. OFFICE OF SMALL BUSINESS-

a. It is the policy of the County of Fairfax as declared by the Fairfax County Board of Supervisors' adoption of a Small and Minority Business Enterprise Program, April 6, 1981, that Fairfax County and its employees undertake every effort to increase opportunity for utilization of small or minority businesses in all aspects of procurement to the maximum extent feasible.

b. In connection with the performance of this contract, the Contractor agrees to use his or her best effort to carry out this policy and to insure that small and minority businesses shall have the maximum practicable opportunity to compete for subcontract work under this contract consistent with the efficient performance of this contract.

c. As used in this contract the term “small business” means a corporation, partnership, or sole proprietorship, or other legal entity formed for the purpose of making a profit, which is independently owned and operated, has either fewer than 100 employees, or less than $1,000,000 in annual receipts.

d. As used in this contract, the term "minority business" means a business enterprise that is at least 51 percent owned and controlled by a minority person or persons. Such persons include African Americans, Hispanic Americans, Asian Americans, American Indians, Eskimos and Aleuts; women regardless of race or ethnicity; and persons with a physical impairment that substantially limits one or more of the major life activities of such individuals, a record of such impairment, or who are regarded as having such an impairment.

e. Contractors may rely on oral or written representations by Subcontractors regarding their status as small and/or minority business enterprises in lieu of independent investigation.

f. Where Federal grants or monies are involved it is the policy of Fairfax County, through its agents and employees, to comply with the requirements set forth in the U.S. Office of Management and Budget Circular No. A-102, uniform administrative requirements for Grants and Cooperative Agreements with State and Local Governments, as they pertain to small and minority business utilization.

PAYMENTS

25. **TAX EXEMPTION**-The County is exempt from the payment of any federal excise or any Virginia sales tax. The price bid must be net, exclusive of taxes. However, when under established trade practice any federal excise tax is included in the list price, a Bidder may quote the list price and shall show separately the amount of federal tax, either as a flat sum or as a percentage of the list price, which shall be deducted by the County. Fairfax County's Federal Excise Tax Exemption Number is 54-74-0127K. Contractors located outside the Commonwealth of Virginia are advised that when materials are picked up by the County at their place of business, they may charge and collect their own local/state sales tax. Materials used in the performance of construction contracts are subject to Virginia Sales/Use Tax as described in Section 630-10-27J of the Virginia Retail Sales and Use Tax Regulations.

26. **PAYMENT**-Payment shall be made after satisfactory performance of the contract, in accordance with all of the provisions thereof, and upon receipt of a properly completed invoice. Fairfax County reserves the right to withhold any or all payments or portions thereof for Contractor's failure to perform in accordance with the provision of the contract or any modifications thereto.

27. **PARTIAL PAYMENTS**-Unless otherwise specified, partial payments will be made upon acceptance of materials or services so invoiced if in accordance with completion date. However, up to 5 percent (5%) of the value of the entire order may be retained until completion of contract.

28. **PAYMENT FOR EQUIPMENT, INSTALLATION, AND TESTING**-When equipment requires installation (which shall also be interpreted to mean erection and/or setting up or placing in position, service, or use) and test, and where such installation or testing is delayed, payment may be made on the basis of 50% of the contract price when such equipment is delivered on the site. A further allowance of 25% may be made when the equipment is installed and ready for test. The balance shall be paid after the equipment is tested and found to be satisfactory. If the equipment must be tested, but installation is not required to be made by the Contractor or if the equipment must be installed but testing is not required, payment may be made on the basis of 75% at the time of delivery and the balance shall be paid after satisfactory test or installation is completed.

REMEDIES

29. **INELIGIBILITY-**

a. Any person or firm suspended or debarred from participation in County procurement shall be notified in writing by the County Purchasing Agent.
   1. The Notice of Suspension shall state the reasons for the actions taken and such decision shall be final unless the person or firm appeals within thirty (30) days of receipt of the Notice by instituting legal action as provided in the Code of Virginia.
   2. The Notice of Debarment shall state the reasons for the actions taken and the decision shall be final unless the person or firm appeals within thirty (30) days of receipt of the notice by instituting legal action as provided in the Code of Virginia.

b. The County Purchasing Agent shall have the authority to suspend or debar a person or firm from bidding on any contract for the causes stated below:
   1. Conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;
   2. Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a County Contractor;
   3. Conviction under the state or federal antitrust statutes arising out of the submission of bids or proposals;
   4. Violation of contract provisions, as set forth below, of a character which is regarded by the County Purchasing Agent to be so serious as to justify suspension or debarment action:
      (a) failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
      (b) a recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided, that failure to perform or unsatisfactory performance caused by acts beyond the control of the Contractor shall not be considered to be a basis for suspension or debarment;
   5. Any other cause the County Purchasing Agent determines to be so serious and compelling as to affect responsibility as a Contractor, such as debarment by another governmental entity for any cause listed herein, or because of prior reprimands;
   6. The Contractor has abandoned performance or been terminated for default on any other Fairfax County project;
   7. The Contractor is in default on any surety bond or written guarantee on which Fairfax County is an obligee.

c. If, upon appeal, it is determined that the action taken by the County Purchasing Agent was arbitrary or capricious, or not in accordance with the Constitution of Virginia, statutes or regulations, the sole relief available to the person or firm shall be restoration of eligibility. The person or firm may not institute legal action until all statutory requirements have been met.

30. CONTRACTUAL DISPUTES-

a. Any dispute concerning a question of fact as a result of a contract with the County which is not disposed of by agreement shall be decided by the County Purchasing Agent, who shall reduce his decision to writing and mail or otherwise forward a copy thereof to the Contractor within thirty (30) days. The decision of the County Purchasing Agent shall be final and conclusive unless the Contractor appeals within six (6) months of the date of the final written decision by instituting legal action as provided in the Code of Virginia. A Contractor may not institute legal action, prior to receipt of the public body's decision on the claim, unless the public body fails to render such decision within the time specified.

b. Contractual claims, whether for money or other relief, shall be submitted in writing no later than sixty days after final payment; however, written notice of the Contractor's intention to file such claim shall have been given at the time

of the occurrence or beginning of the work upon which the claim is based. Nothing herein shall preclude a contract from requiring submission of an invoice for final payment within a certain time after completion and acceptance of the work or acceptance of the goods. Pendency of claims shall not delay payment of amounts agreed due in the final payment.

31. LEGAL ACTION-No Bidder, Bidder, potential Bidder or Bidder, or Contractor shall institute any legal action until all statutory requirements have been met.

C – Member Purchasing

32. COOPERATIVE PURCHASING-The County may participate in, sponsor, conduct or administer a cooperative procurement agreement on behalf of or in conjunction with one or more other public bodies, or public agencies or institutions or localities of the several states, of the United States or its territories, or the District of Columbia, for the purpose of combining requirements to increase efficiency or reduce administrative expenses in any acquisition of goods and services. Except for contracts for architectural and engineering services, a public body may purchase from another public body's contract even if it did not participate in the request for proposal (RFP) or invitation for bid (IFB), if the RFP or IFB specified that the procurement was being conducted on behalf of other public bodies. Nothing herein shall prohibit the assessment or payment by direct or indirect means of any administrative fee that will allow for participation in any such arrangement. As authorized by the United States Congress and consistent with applicable federal regulations, and provided the terms of the contract permit such purchases, any county, city, town, or school board may purchase goods and nonprofessional services from a U.S. General Services Administration contract or a contract awarded by any other agency of the U.S. government. Bidders are advised that the *resultant* contract(s) may be extended, with the authorization of the Bidder, to other public bodies, or public agencies or institutions of the United States to permit their use of the contract at the same prices and/or discounts and terms of the resulting contract. If any other public body decides to use the final contract, the Contractor(s) must deal directly with that public body concerning the placement of orders, issuance of purchase orders, contractual disputes, invoicing and payment. The County of Fairfax acts only as the "Contracting Agent" for these public bodies. It is the Contractors responsibility to notify the public body(s) of the availability of the contract(s). Other public bodies desiring to use this contract will need to make their own legal determinations as to whether the use of this contract is consistent with their laws, regulations, and other policies. Each public body has the option of executing a separate contract with the Contractor(s). Public bodies may add terms and conditions required by statute, ordinances, and regulations, to the extent that they do not conflict with the contracts terms and conditions. If, when preparing such a contract, the general terms and conditions of a public body are unacceptable to the Contractor, the Contractor may withdraw its extension of the award to that public body.

26. **Washington, King County Directors' Association (KCDA)**

A. KCDA Additional General Terms and Conditions

General Intent: KCDA may participate in all or any part of the goods and services listed in this IFB, upon completion of contracts currently in effect, whichever is deemed in the best interest of KCDA members. KCDA cannot be restricted by the successful bidder from choosing which parts of these contracts to use.

Both the Contractor and KCDA member using this Contract agree that it is the member's responsibility to perform due diligence as to the legality of their usage of this contract. In this regard, KCDA suggests that, at a minimum, Contractor and member considering such usage consult with their legal counsel before doing so.

Advertising/Marketing:

KCDA requires all vendors to develop a marketing program to include printed, web-based, e-mail, telemarketing and other methods approved by KCDA.

All promotional marketing materials must have the prior approval of KCDA before distribution and must include the KCDA logo and other contract information.

KCDA staff will work jointly with all vendors and their representatives to market the AEPA contracts to KCDA members and prospective members. Vendors may be requested to make joint presentations to KCDA or its members in either a one to one or a group setting. Some group presentations may be done in conjunction with other vendors.

Displaying exhibits at various statewide conferences are encouraged. Contractor agrees to make available KCDA supplied brochures or other promotional materials at these events. Contractor will provide KCDA with scheduled exhibit dates in advance.

Contractor agrees to insert the approved KCDA logo, web address and contact information on the Contractor's website promoting and providing a link to the KCDA website. Contractor will also provide KCDA with text, links and logos to be posted on the KCDA website.

Assignment:

Contractor shall not subcontract, assign, transfer, convey, sublet or otherwise dispose of contractual duties to any other person, firm or corporation without the previous written consent of KCDA and any member that has an outstanding open purchase order or financing arrangement. In no case shall such assignment of Contract relieve the Contractor from obligations or change the terms of the Contract.

Cancellation/Default/Termination:

KCDA reserves the right to cancel the whole or any part of this contract due to the failure by the Contractor to carry out any obligation, term or condition of the contract. KCDA will issue written notice to the contractor for acting or failing to act in any of the following:

- The Contractor fails to adequately perform the services set forth in the contract
- The Contractor fails to make progress in the performance of the contract and/or gives KCDA reason to believe the Contractor will not or cannot perform to the requirements of the contract
- The Contractor fails to observe any of the terms and conditions of the contract
- The Contractor fails to pay any applicable administrative fees.
- The Contractor fails to follow the established procedure for purchase orders, invoices and receipt of funds as stipulated by KCDA.

If the contract is to be terminated, KCDA shall do the following:

- Step 1 – Issue a warning Letter of Concern outlining the violations and length of time to correct the problem(s). Upon receipt of the letter, the Contractor shall have ten (10) business days to provide a satisfactory response to KCDA. Failure on the part of the Contractor to address adequately all issues of concern may result in contract cancellation.
- Step 2 – Issue a letter of intent to cancel the contract if the problems(s) are not resolved by the date specified.
- Step 3 – Issue a letter to terminate the contract.

Compliance with Laws

In addition to any requirements set forth herein, vendor shall comply with all applicable state, federal and local laws, rules, regulations and ordinances.

Contract Amendments:
KCDA reserves the right to amend the contract resulting from state law changes or internal boilerplate changes due to state law changes. Contractors/Vendors will be sent written notification of the changes.

Employees who have been Convicted of Crimes against Children:
The Contractor, or any subcontractors, shall not utilize any employee at a school site or allow any contact between school children and any employee when an employee has plead guilty to or been convicted of any felony crime involving the physical neglect of a child under Chapter 9A.42RCW, the physical injury or death of a child under Chapter 9A.32 or 9A.36RCW (except motor vehicle violations under Chapter 46.61 RCW), sexual exploitation of a child under Chapter 9S.444 RCW where a minor is the victim, promoting prostitution of a minor under Chapter 9A.88 RCW, the sale or purchase of a minor child under 9A.88 RCW, or violation of similar laws of another jurisdiction.

Contractors/Vendors who have regularly scheduled unsupervised access to children, and/or who hire employees who will have regularly scheduled unsupervised access to children, shall perform a record check through the Washington State Patrol criminal identification system under RCW 43.43.830-43.43.834, 10.97.0303 and 10.97.050, and through the Federal B u r e a u of Investigation before hiring the employee. The record check shall include a fingerprint check using a complete Washington State criminal identification fingerprint card. The Contractor shall provide a copy of the record to the person applying for employment to the school location. If the Contractor or applicant has had a record check within the previous two years, the Contractor may waive the requirement. The Contractor shall determine whether the applicant or the Contractor shall pay costs associated with the record check.

In addition, pursuant to RCW 9.96A.020 and 1993 Chapter Law 71, a person is disqualified from employment by school districts, and their Contractor from hiring employees who will have regularly scheduled unsupervised access to children because of a prior guilty plea or conviction of a felony crime specified under RCW 28A.400.322, or a violation of similar laws of another jurisdiction, even if the time elapsed since the guilty plea or conviction is ten years or more.

Governing Law and Venue/Legal Litigation:
All applicable local, state and federal laws and regulations will apply to any purchases of equipment, service or public works in any of the states KCDA currently services, as well as any other non-AEPA states where members may be added to KCDA membership throughout the term of these contracts. The laws of the State of Washington govern the Contract. Each and every provision of law and clause required by law to be included in the Contract shall be deemed to be inserted herein and the Contract shall be read and enforced as though it were included. If through mistake or otherwise any such provision is not included, or is not currently included, then upon application of either party the Contract shall be physically amended to make such inclusion or correction. Venue for any litigation arising out of or related to the Contract shall take place in the State of Washington.

Hazardous Materials:
If any hazardous chemicals/materials are supplied under a contract/purchase order arising out of this solicitation, a Safety Data Sheet (SDS) shall accompany the delivery of any hazardous chemicals/materials supplied by the vendor. All SDA sheets shall be sent to KCDA and the KCDA member. Any products not appropriately labeled will be refused and the vendor will be responsible for additional freight charges.

Indemnification/Hold Harmless:
The Contractor agrees to defend, indemnify and hold harmless KCDA and the member agency, and their respective officers, officials, employees and volunteers from any and all claims, injuries, damages, losses or suits including attorney fees arising out of or resulting from the acts, errors or omissions in performance of this Agreement, except for injuries and damages caused by the sole negligence of KCDA or the member agency. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor, KCDA or the member agency and their respective officers, officials, employees, and volunteers, the Contractor's liability , including the duty and cost to defend, hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purpose of this indemnification. Use of this contract certifies that the waiver of immunity specified by this provision was mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of the Agreement.

Independent Contractor:
The Contractor shall not be held or deemed in any way to be the agent or employee of KCDA and /or a KCDA member. It is the intention of the parties that the Contractor shall be and is to be considered an independent Contractor.

Minority and Women Owned Businesses:
KCDA encourages all minority and women owned businesses to participate in the bid process. Washington State law does not allow KCDA to provide any financial advantage for minority and women owned businesses who participate, however, KCDA believes that a diverse range of suppliers benefits all.

Quality of Goods:
Bidder shall bid and provide new (not used or refurbished) items only. Seller warrants all supplies, materials and equipment and services covered by a contract/purchase order with KCDA or with a KCDA member will:
(a) conform to the specifications, drawings, written instructions, samples, or descriptions; (b) be of good quality and workmanship;(c) be free of defects in design, materials and workmanship; (d) be merchantable;
(e) be fit for particular purposes applicable to the design, function or use of the supplies, materials and equipment.

Taxes:
The KCDA Members and Associate Members are to be taxed.

Term of Contract:
The term of the agreement shall commence on the date of the award and continue as stipulated in the General Terms and Conditions, unless terminated, canceled or extended.

Use of Tobacco on School Districts/Public Agency Premises:
RCW 28A.210.310 prohibits the use of tobacco in any form on school district property. Smoking or other use of tobacco will not be permitted at the job site.

B. Order Procedure

After entering into an agreement with KCDA, KCDA will confirm the directions for placement of orders with the Contractor, and will post directions on the KCDA website for both Contractor and members. These directions will also be posted on each awarded Contractors/Vendors website.

- Once the award is made to the Contractor, KCDA will inform members of the contract.
- At this point the Contractor may directly contact members or the member may contact the Contractor.
- A list of members, addresses and phone numbers is available to the Contractor upon request.
- Before a Contractor may enter into business with a KCDA member, they need to verify membership through the KCDA website, which can be viewed under Membership.

Invoicing/Reporting

- KCDA will contact Contractors/Vendors about invoicing procedures.
- KCDA is funded through a service fee paid to KCDA by the participating Contractors/Vendors. The service fee percentage is based upon the total sale of goods and services, including installation, if applicable. This fee shall be reflected in all price quotations under the KCDA agreement. The service fee will be **2%.** Do not print the service fee as a separate line item on the quotation.
- The Contractor will compile an electronic quarterly report listing each purchase made by participating members. Within 30 days after each quarterly period the report will be sent to the e- mail address of the KCDA Purchasing Director, Thomas Kim at tkim@kcda.org and CFO, Yohan Lee at ylee@kcda.org
- These reports shall be in Microsoft Excel format and shall have file names that identify the Contractor and the quarterly period being reported. They shall include the following fields and allow for sorting on any of the fields: Date of order, name of member, item purchased, quantity, unit price, extended price, member PO #, Contractor order number.
- KCDA reserves the right to change the contact name of existing KCDA personnel administering the contract. If there are personnel changes, reports and payments will be sent to the new contact(s) specified.

C. Agencies Allowed to Purchase under KCDA

King County Director's Association (KCDA) is a member owned purchasing cooperative representing 295 Washington State school districts. In addition, KCDA provides purchasing and procurement services for more than 1,200 public agencies and political subdivisions in Washington and other states, including but not limited to Alaska, Idaho, and Montana. KCDA also provides purchasing services for accredited private K-12 schools in Washington State.

A listing of all KCDA members is available on the KCDA website, www.kcda.org.

D. KCDA Additional Terms & Conditions for Construction Products and Services

Contractor agrees that, in performance of the services required under this agreement, Contractor shall abide by all federal, state, local and Washington law and regulations that may apply to construction and public works. It is the responsibility of the Contractor to determine applicability and requirements of any such laws and to abide by them.

- **Public Works:** State of Washington statute requires workers be paid prevailing wages when employed on public works projects and on public building service maintenance contracts. (RCW 39.04.010, RCW 39.12.010 and 020) It is the contractor's responsibility to be acquainted with and comply with State regulations regarding payment of prevailing wages on public works projects. Prevailing Wages are established by the Washington State Department Of Labor and Industries and can be obtained on the web at http://www.lni.wa.gov/TradesLicensing/PrevWage/WageRates/default.asp or by contacting Labor and Industries at 360-902-5335. KCDA serves all counties in Washington State. The County in which the project is located will be identified once a member initiates a request for the service, and the effective wage rate to be applied to a specific project is to be based on the date of this bid during the original contract term, and if contract extensions are granted, the prevailing wage rate in affect at the time of the latest extension. A copy of the applicable prevailing wage rates are also available for viewing at the office of KCDA. Upon request KCDA will mail a hard copy of the applicable prevailing wages.
- **Application:** The Public Works Act regulates wages paid to workers, laborers and mechanics performing public work. It does not apply to work that is clerical, executive administrative or professional in nature. It does not apply to work of a secretary, engineer or administrator, unless they are performing construction work, alteration work, repair work, etc. Prevailing wage application depends on the work that is performed, regardless of the worker's job title. (RCW 39.12.020 and WAC 296-128-510 through 530). Definition: Public Works is all work, construction, alteration, repair or improvement that is executed at the cost of the state or any other local public agency. This includes, but is not limited to, demolition, remodeling, renovation, road construction, building construction, ferry construction and utilities construction. (RCW 39.04.010). Public Building Service Maintenance Contracts: Prevailing wages are also required on all public building service maintenance (janitorial) contracts. (RCW 39.12.020). **Contractors bidding a Public works project exceeding $1,000,000.00 must declare who their HVAC, Plumbing and Electrical subcontractors will be and submit this information with bid documents in order for the bid to be responsive (RCW 39.30.060)**. Such projects also have special considerations pertaining to prefabricated materials (RCW 39.04.370) and use of apprentices (39.04.320).
- **Reciprocity:** In accordance with RCW 39.04.380 any bidding process for public works in which a bid is received from a nonresident contractor from a state that provides a percentage bidding preference, a comparable percentage disadvantage must be applied to the bid of that nonresident contractor. This does not apply to public works procured pursuant to RCW 39.04.155, 39.04.280 or other procurement exempt from competitive bidding.
- **Prevailing Wage:** Definition: Prevailing Wage is the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers and mechanics. The rate is established by the Department of Labor and Industries for each trade and occupation employed in the performance of public work. <u>If Federal funds are used, bidders must comply with provisions of Davis-Bacon Act</u>.
- **Basic procedures:** A Statement of Intent to Pay Prevailing Wages and Affidavit of Wages Paid must be filed and approved for the contractor and all subcontractors. No payments can be made until all Contractors/Vendors have submitted an approved intent form. KCDA cannot release retainage until all Contractors/Vendors have an approved Affidavit of Wages Paid form certified by the Industrial Statistician. (RCW 39.12.030, 040, 042). Costs for filing shall be the responsibility of the Contractor. Once the work is successfully completed, KCDA will release 95% of the project cost and withhold 5% retainage for as dictated by law. The final 5% will be paid when the following is completed: acceptance of project completion to the satisfaction of the KCDA ordering member, followed by receipt of approved Affidavit of Wages Paid Forms, Releases from Washington State Department of Labor & Industries, Employment Security Department and the Department of Revenue.
- **Federally Funded Projects:** In addition to the Federal Requirements of Section III General Terms and Conditions, Davis-Bacon prevailing wage requirements apply to public works construction contracts of $2000 or more when a project includes any federal funding of any amount. When there is a difference between applicable state and federal prevailing wages for a particular classification of labor, contractors and subcontractors are required to pay the higher of the two prevailing wages. Applicable federal prevailing wage determinations can be found at http://www.wdol.gov/. Contractors/Subcontractors must be knowledgeable and adhere to all federal prevailing wage requirements, including but not limited to paying workers weekly and providing certified weekly payrolls for the contractor and subcontractors of any tier as required in the Davis-Bacon Act and applicable U.S. Department

of Labor regulations. Falsification of any prevailing wage payroll records may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of Title 18 and section 231 of Title 31 of the United States Code. Contractor shall inform all subcontractors of the Davis-Bacon requirements and the prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses. Contractor must coordinate all requirements related to federal funded projects with the KCDA member Agency.

- **Responsible Bidder**

Before award, the bidder must meet the following state responsibility criteria and, if applicable, supplemental responsibility criteria to be considered a responsible bidder. The bidder is required to submit documentation demonstrating compliance with the criteria.

Low Responsible Bidder

A. State Responsibility Criteria. The Bidder must meet the following state responsibility criteria:

1. At the time of submittal of bid to AEPA, the contractor must hold a current Washington State Contractors. License in the name of the company signing the bid. Failure to have the license prior to submitting the bid is a violation of chapter 18.27 RCW and is a gross misdemeanor.
2. Have a current Washington State Unified Business Identifier (UBI) number.
3. Not be disqualified from bidding on any public works contract under RCW 39.06.010 or 39.12.065(3).
4. If applicable:
    a. Have Industrial Insurance (workers' compensation) coverage for the Bidder's employees working in Washington State, as required in Title 51 RCW;
    b. Have a Washington State Employment Security Department number, as required in Title 50 RCW; and
    c. Have a Washington State Department of Revenue state excise tax registration number, as required in Title 82 RCW.

B. Supplemental Bidder Responsibility Criteria. If supplemental criteria apply to this project, the criteria are included in "Attachment A." The Bidder may make a written request to modify any or all of the supplemental criteria. Modification of supplemental criteria shall be at KCDA's discretion. Any modifications to the supplemental criteria shall be made by addenda prior to bid opening.

Subcontractor Responsibility:

The contractor shall include the language of this section in each of its first tier subcontracts, and shall require each of its subcontractors to include the same language of this section in each of their subcontracts, adjusting only as necessary the terms used for the contracting parties. The requirements of this section apply to all subcontractors regardless of tier. At the time of subcontract execution, the Contractor shall verify that each of its first tier subcontractors meets the following bidder responsibility criteria:

1. At the time of bid submittal, have a current certification of registration in compliance with chapter 18.27 RCW.
2. Have a current Washington State Unified Business Identifier (UBI) number.
3. Not be disqualified from bidding on any public works contract under RCW 39.06.010 or 39.12.065(3).
4. If applicable:
    a. Have Industrial Insurance (workers' compensation) coverage for the Bidder's employees working in Washington State, as required in Title 51 RCW;
    b. Have a Washington State Employment Security Department number, as required in Title 50 RCW; and
    c. Have a Washington State Department of Revenue state excise tax registration number, as required in Title 82 RCW
5. Have an electrical contractor license, if required by Chapter 19.28 RCW;
6. Have an elevator contractor license, if required by Chapter 70.87 RCW;

- **Bonds - Payment & Performance:**

The prime Contractor shall provide a Performance and Payment Bond at 100% of the contract price to the KCDA member with a copy to KCDA before work begins. The only exception is for contracts of one hundred fifty thousand ($150,000) dollars or less. In this instance, at the option of the Contractor, the member may in lieu of the bond retain one hundred percent of the contract amount for a period of thirty days after date of final acceptance, or until receipt of all necessary releases from the Department of Revenue and the Department of Labor and Industries and settlement of any liens filed under Chapter 60.28 RCW, whichever is later. The bond shall be issued by a surety company authorized to do business in the State of Washington and shall be on standard forms used for public projects (RCW 39.08.010) and as directed by the KCDA member. Performance and Payment bonds for KCDA members outside Washington must be provided by

companies licensed to provide bonds for public entities in the member's state.

- **Licenses:** The prime contractor shall possess and maintain in current status all federal, state, and local licenses, bonds, and permits required for the performance and delivery of any and all products and services offered in its response to the bid solicitation. Before submitting a bid, Bidders must hold a current, valid contractor's license as required in Washington. The contractor's license must be in the name of the legal entity submitting and signing the bid. A bider may not substitute a contractor's license held by a subcontractor or joint venture. Bidders submitting bids in Washington State without a valid contractor's license in the name of the Bidder are in violation of RCW 18.27.010. It is the responsibility of the prime contractor to ensure any subcontractors performing under this contract hold and maintain appropriate licenses. The contractor shall verify that appropriate licenses are in place at the time of response to this bid. Copies of licenses must be submitted to the member prior to performing the work. The Contractor agrees to keep and ensure subcontractors keep any required license, permit or bond current and in compliance with Washington rules, regulations and statutes, as well as in states outside Washington in which contractor performs work under this contract. For work performed for any Washington State school district, public agency or municipality, the Contractor must comply with the bidder responsibility requirements of RCW 39.04.350 prior to the KCDA member awarding a contract. The contractor must verify the responsibility of all subcontractors used in accordance with RCW 39.06.020.
- **Permits:** The acquisition of all permits as well as any drawings needed to obtain those permits is the responsibility of the successful Contractor/Bidder unless otherwise acknowledged by the KCDA member.
- **Certificate of Insurance:** A certificate of insurance demonstrating current coverage of the types and amounts of insurance required by KCDA and the KCDA member must be provided to KCDA and the KCDA member prior to performance of any work. In addition, the Commercial General Liability policies must be endorsed to name KCDA and the KCDA member as additional insureds. Such policies must be further endorsed to provide that the insurance is primary as respects KCDA and the KCDA member, and that any other insurance maintained by KCDA and the KCDA member shall be excess and not contributing insurance with the Contractor's insurance. These endorsements must be provided along with the certificate of insurance. KCDA and the KCDA member must both approve the certificate of insurance and endorsements.
- **Acceptable Pricing Method:** KCDA is unable to accept Alternative Costing Method quotations except in certain limited instances, (i.e. sole source) in which KCDA and Contractor may mutually determine the Alternative Costing Method is acceptable. This will be the exception rather than the rule. RS Means or line item bid pricing is acceptable.
- **Progress Payments:** The Contractor shall be paid, upon submission of a proper Payment Request, the prices stipulated herein for work performed (less deductions, if any), in accordance with all payment and retainage instructions herein. Submitted Payment Requests must contain the following minimum information:
    a. Contract Number
    b. Bid item ID, bid quantity, unit, unit price and description as appropriate
    c. Sales Tax as applicable

  The Payment Request will be reviewed by the Member before payment is made. If the Member is in disagreement with the Payment Request, KCDA will issue a notice requesting a revised Payment Request. In accordance with RCW 51.12.050, KCDA reserves the right to deduct from the payment any outstanding industrial insurance premiums owed by the Contractor or Subcontractors.
- **Payment Retainage:** In accordance with RCW 60.28 a contract retainage of not to exceed five percent of the moneys earned by the contractor toward completion of a public improvement contract shall be withheld and reserved as a trust fund for the protection and payment of 1) the claims of any person arising under the contract, and 2) the state with respect to taxes imposed pursuant to Titles 50, 51 and 82 RCW which may be due from such contractor. Upon completion of a contract, the member agency shall notify the Department of Revenue, the Employment Security Department, and the Department of Labor and Industries of the completion of contracts over thirty-five thousand dollars. KCDA will issue payment on the retainage amount forty-five days after notice from the KCDA Member Agency that the contract has been accepted as complete or upon receipt of all necessary releases, whichever is later.

27. West Virginia, West Virginia Cooperative Purchasing

A. General Terms and Conditions that apply for all Categories:

1. Compliance with Laws/Forum Designation

Contractor shall comply with Federal, State, and Local Laws, Codes and Regulations while fulfilling the contract. It is the Contractor's responsibility to be aware of and comply with all state and local laws governing this procurement. Applicable laws, codes, and regulations (etc.) must be followed even if not specifically identified herein. The terms of the Agreement Addendum which is attached hereto and incorporated herein shall govern and supersede any contract terms to the contrary with respect to each procurement. Contractor shall verify to Mountain State ESC, its Member Agencies and other qualifying purchasers that the Contractor is complying with all Federal, State and Local Laws, Codes and Regulations while fulfilling the contract, and shall provide a copy of this contract and any addenda to each Member Agency when providing a price quotation. Moreover, this contract shall be governed by and construed in accordance with the laws of the State of West Virginia without giving effect to its principles of conflict of law. Legal proceedings arising under this contract shall be brought in a West Virginia Court of the County where the Member Agency's main office is located.

2. Delinquent Tax Affidavit

Contractor shall provide an affidavit relating to delinquent taxes as may be required by West Virginia State Code §11-12-10.

3. Secretary of State Registration

Contractor shall meet and maintain all registration requirements as necessary to conduct business in the State of West Virginia, including but not limited to registration with the West Virginia Secretary of State.

4. West Virginia Workers Compensation Insurance

Contractor, and any subcontractors hired by Contractor shall, at their own expense, maintain in force for the duration of the project workers' compensation and employer's liability insurance as required by the laws of the State of West Virginia.

5. Project Personnel, Student Safety and Background Checks

Member Agency shall have the right to reject the participation of any personnel of Contractor in the performance of the services if, in relation to the work assigned to them, the Member Agency deems such personnel to lack the skill, experience and expertise required to perform the services or if Member Agency considers their performance to be substandard or otherwise detrimental to the proper completion of the services. Contractor will advise Member Agency promptly of any change in the project manager or other key personnel assigned to the performance of the services.

Contractor acknowledges that the safety of the Member Agency's students, employees, officials and guests is of the utmost importance. Contractor will endeavor to ensure that its officers, employees, agents, representatives, and consultants will take no action that would jeopardize the safety of the Member Agency's students, employees, officials, or guests. The Member Agency reserves the right to require Contractor's officers, employees, agents, representatives and consultants to wear identification and stay in designated work areas at all times while on the Member Agency's property. The Member Agency shall have the right to effect the immediate removal of any person associated in any way with Contractor from Member Agency property for failure to wear identification, for being outside a designated work Contractor shall perform or cause to be performed by the West Virginia State Police and Federal Bureau of Investigation criminal background check of any personnel that will be performing the services within the proximity of minors. Contractor shall notify the Member Agency of any proposed employee who has been convicted, pled guilty or pled "no contest" to a criminal offense, and the Member Agency reserves the right to reject the proposed employee with a criminal background. No person shall be employed by Contractor who has been found guilty of any of the criminal offenses enumerated in West Virginia State Code without prior approval of the Member Agency.

6. Independent Contractor

Contractor shall be an independent contractor and neither Contractor nor any of its subcontractors, nor the employees of any thereof, shall be deemed to be the servants, employees, or agents of Member Agency. Contractor shall be responsible for paying all costs related to its employees and managers performing the services. Contractor shall remain liable and responsible to Member Agency for all of its obligations under this contract, regardless of whether the services are performed by the Contractor or a subcontractor of any tier.

7. Ownership of Instruments of Service

Drawings, data and other documents prepared by, or with the cooperation of, the Contractor pursuant to this contract shall become, upon payment of all undisputed compensation due the Contractor from the Member Agency, the property of the Member Agency. Such drawings, data or other documents may be used by the Member Agency or others employed by the Member Agency without compensation to the Contractor.

8. Audit

Member Agency may audit and inspect Contractor's records and accounts at any time during the Contractor's performance of the services and for a period of two (2) years following the completion or termination of the services for the purpose of verifying any invoice and underlying documentation presented by Contractor, it being understood that Contractor agrees to preserve all such documents through such two- (2) year period.

9. Notices

Unless otherwise expressly provided in this contract, all notices and other communications given under the contract shall be in writing and shall be deemed effective upon receipt by the addressee at its address as set forth in the contract or at such other address as such party shall have notified the other in writing.

10. Non-Appropriation and Other Contract Terms Applicable to Member Agencies as Political Subdivisions of the State

If the Member Agency fails to appropriate sufficient monies in any fiscal year for payments due under the contract and other funds are not available for such payments, then a "Non-Appropriation" shall be deemed to have occurred. If a Non-Appropriation occurs, then Member Agency will give Contractor prompt notice of such Non-Appropriation. This contract shall thereupon terminate without penalty or expense to the Member Agency other than for goods and services already provided.

11. No Personal Liability

It is understood and agreed that under no circumstances will the Member Agency's board members, regional council members, officers, employees, or agents be personally liable for any obligations or claims arising out of or related to the contract.

12. Price Quotation

Contractors must quote to a Member Agency the pricing listed in the current contract awarded by the Association of Educational Purchasing Agencies. Vendor will follow the procedures for price reductions to AEPA Member Agencies and Participating Entities set forth in the AEPA general terms area, and conditions. The price quotation must be submitted to a Member Agency and Participating Entity in writing, and any other expenses that the Contractors intend to charge a Member Agency or Participating Entity must be separately itemized on the quotation page in bold font with a good faith estimate of the dollar amount of each item, such as use tax if applicable. The failure to list an item or include a good faith estimate of the dollar amount on the quotation page will preclude a Contractor from charging the same.

13. Jobs Act

As the unemployment rate in the State of West Virginia is significantly higher than most other states, the West Virginia Legislature enacted the West Virginia Jobs Act, which deems it necessary for those employers contracted to perform construction work on state funded public improvement projects, which equal or exceed $500,000.00 in cost, to hire 75% of their workers from the local labor market. The local labor market is defined as including every county within the State of West Virginia as well as any county outside of West Virginia, if any portion of that county is within 50 miles of the state border.

There are certain exclusions to this requirement, which includes an exemption for projects that contain any amount of federal funding as well as an allowance for out-of-state contractors to bring two (2) of their own employees from outside the local labor market to work on the project and still remain in compliance.

14. Miscellaneous

Headings and titles of articles, paragraphs and other subparts of this contract are for convenience of reference only and shall not be considered in interpreting the text of this contract. This contract and any appendices constitute the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings with respect thereto and all agreements or understandings with a Member Agency. No contract amendments can be made without the approval of the AEPA membership.

B. Construction Products and Services:

For construction improvements, the following shall apply:

1. The successful Contractor shall provide such bonds required by West Virginia State Code §38- 2-39.
2. Contractor shall comply with all applicable licensing requirements, including those of the West Virginia Contractor Licensing Board pursuant to West Virginia State Code §21-11-3.

C. Procedures for Processing Orders:

The Mountain State ESC will keep informed its Member Agencies and other qualified purchasers of contract information via web site and through other marketing strategies. A list of Mountain State ESC Member Agencies along with addresses, phones, contacts, etc. will be made available to successful Contractors. After contracts are awarded, Contractors may contact the Mountain State ESC Member Agencies and other qualifying purchasers concerning their products and services.

Participating Member Agencies and other qualified purchasers will submit all purchase orders directly to the Contractor.

The Contractor price shall include a two percent (2%) administrative fee that the Contractor will collect from the Member Agency or other qualified purchaser. Administrative fees are to be remitted to the Mountain State ESC on April 15, July 15, October 15 and January 15 of every calendar year with checks payable to the Mountain State ESC, 501 22nd Street, Dunbar, WV 25064

The Contractor will compile a quarterly report showing all purchases made by the Mountain State ESC Member Agencies and other qualified purchasers under this contract at the conclusion of each calendar quarter. These reports shall be attached to the administrative fee remittance.

D. Agencies Allowed to Purchase under Member Agency:

All member cooperatives of the MOUNTAIN STATE ESC and their individual Member Agencies are eligible to participate and purchase from the awarded AEPA contracts. All West Virginia PK-12 school districts, including Career and Technical Education Centers, Regional Education Services Agencies, West Virginia Department of Education (WVDE) and all Institutional Education Programs operated by WVDE are eligible to participate and purchase from the awarded AEPA contracts. In addition, all colleges and universities, state, municipalities, counties, other governmental agencies and non- profit agencies are eligible to participate if the AEPA contracts satisfy their individual procurement requirements.

28. Wisconsin, Cooperative Educational Service Agency - CESA Purchasing

A. Additional Terms and Conditions

(Note: anything that is not already in Part A – General Terms and Conditions for AEPA) Terms and Conditions must be compliant with Wisconsin State Statutes 16.70 to 16.848

B. *Additional Participating Agency Terms and Conditions for Non-Construction Products and Services* Some larger districts, like Milwaukee Public Schools, may require an additional one page "piggyback" memorandum of understanding to utilize the contract.

C. Additional Participating Agency Terms and Conditions for Construction Related Products and Services

Construction contracts are subject to Wisconsin State Statutes 16.855 or 66.0901.

D. Procedure for Processing Orders

All districts directly process orders with the CESA Purchasing AEPA vendor partner unless otherwise arranged.

E. Members Purchasing Under CESA

CESA Purchasing membership is free. Membership is available to the following agencies based on WI State Statues Chapter 116 which governs the work of WI Cooperative Educational Service Agencies: school districts, University of Wisconsin System institutions, and technical colleges. All public, private, and tribal schools, and all public and private agencies and organizations, that provide services to pupils. Please note in Wisconsin we do not require additional registration of members and define members as those defined by WI Statute 116 that guides our work.

29. Wyoming, Northeast Wyoming Board of Cooperative Educational Services (NEW BOCES):

Upon execution of this document, the respondent hereby agrees to submit bids and NEW BOCES agrees to accept such bids under the following conditions:

PREFERENCES Wyoming Statutes provide for percentage preferences for items supplied by Wyoming resident bidders and for items produced or grown in the State of Wyoming. Preferences may not be applied when federal funds are involved. Preference will be given in accordance with W.S. 16-6-101, 16-6-102, 16-6-103, 16-6-104, 16-6- 105, 16-6-106, 16-6-107, and 16-6-301, as amended. For bids involving federal funds please refer to W.S. 16-6-108. Please contact the Department of Workforce Services, Division of Labor Standards

Resident & Non-Resident VENDOR REGISTRATION REQUIREMENTS:

Secretary of State 2020 Carey Avenue Cheyenne, WY 82002 Phone: (307) 777-7378 website: http://soswy.state.wy.us/

Department of Workforce Services Division of Unemployment Insurance 100 W. Midwest P.O. Box 2760 Casper, WY 82602 Phone: (307) 235-3217

Public Works and Contracts: Vendor shall comply with all laws, whether local, state, federal, or otherwise, applicable to any aspect of the service or product to be provided in relation to the contract. It shall be the vendor's responsibility to determine the applicability and requirements of any such laws and to abide by them. Vendor shall indemnify, defend, and hold harmless NEW BOCES for any default or breach of vendor in this regard. To the extent applicable for the product or service bid, vendor shall comply with W.S. 16-6-101 to 16-6-602 and to W.S. 21-3-110(a) (viii)

Every Contracted Vendor Employee shall provide a valid State issued Identification Card upon entry of any educational facility.

Members Customer Client Purchasing: NEW BOCES NEW BOCES is an educational cooperative authorized under the provisions of W.S. 21-20-101 to 21-20-111. All K-12 school districts, Community Colleges, Child Development Centers, Residential Child Care Institutions, Utah Educational Service Agencies, all Non-Profits and all Municipalities are eligible to participate in NEW BOCES cooperative purchasing programs within the State of Wyoming and Other States as requested. "Agencies" means Counties, Municipal Corporations, School Districts, Community College Districts, the joint business council of the Eastern Shoshone and Northern Arapaho Indian tribes, the business council of the Eastern Shoshone Indian tribe, the business council of the Northern Arapaho Indian tribe. Providing facilities or functions enumerated in W.S. 16-1-104(c);

No member user is obligated to use these services, but they find the benefits of economy and efficiency made possible by cooperative purchasing to be advantageous.

Procedure for Processing Orders: Upon bid award to the Contractors/Vendors, NEW BOCES will inform its members and other qualifying purchasers of the contract:

- When the customer identifies a desired product or service as available through the AEPA/NEW BOCES contract and agrees on price as presented to the customer by the awarded AEPA/NEW BOCES vendor, the customer then issues to the vendor a purchase order for that item or service.
- The vendor's price shall include a two percent (2%) administrative/marketing fee on all sales of products and or services that the vendor will collect from the member or other qualifying purchaser. This fee will be remitted to NEW BOCES on a quarterly basis.
- Administrative/Marketing fees will be payable to NEW BOCES on the 15th in the months of April, July, October, and January with all checks payable to NEW BOCES, 410 North Miller Avenue, Gillette, Wyoming 82716.
- Vendor makes all deliveries and installation of products and services. NEW BOCES does not warehouse items nor provide services.
- No other Cooperative shall be offered or used by awarded Contracted Vendors within the participating member customer clients of NEW BOCES.

Vendor Contact: Vendor will designate to NEW BOCES an individual(s) who will represent them. This contact person(s) will correspond with each ordering member for technical assistance, problems, or questions that may arise. Include instructions if different contacts for different geographical areas are needed; this information will be distributed to NEW BOCES members upon award of this bid.

NEW BOCES Commitment to Awarded Contract Vendors:

1) Website postings www.newboces.com under Cooperative Purchasing. Includes but not limited to News & Announcements, Public Calendar Events, Awarded Contracts, and Flyers.

2) Announcing the contract in its quarterly newsletter and other events completed with vendors which includes savings reports and rebates to members and users of NEW BOCES Cooperative Contracts.

3) Publish the Vendor information in a catalog disseminated to all members and marketing for new members.

4) Attend Annual Conferences for Trade Show product purposes of all contracts held by NEW BOCES. Including any other suggestions or support from Vendors. A list of members and other qualifying purchasers, addresses, and phone numbers will be made available to the Contracted Vendor.

5. AEPA Member Agency (State) Forms

An AEPA Member Agency (State) may have forms relating to this solicitation that require completion before an award is made by that AEPA Member Agency.

For this solicitation, New Jersey is the only AEPA Member Agency with required forms. The forms can be found on the following pages.

NEW JERSEY REQUIRED DOCUMENTS FOR GOODS AND SERVICES BIDS

BUSINESS REGISTRATION CERTIFICATE (N.J.S.A. 52:32-44)

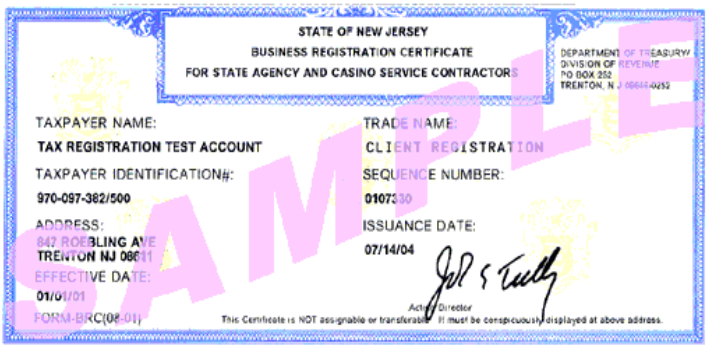
Pursuant to N.J.S.A. 52:32-44, all respondents shall submit prior to award of bid, a copy of their "New Jersey Business Registration Certificate" as issued by the Department of Treasury of the State of New Jersey. The ESCNJ requests that all respondents for this bid/proposal submit a current New Jersey Business Registration Certificate with the bid/proposal.

Goods and Services Contracts

N.J.S.A. 52:32-44 imposes the following requirements on contractors and all subcontractors that knowingly provide goods or perform services for a contractor fulfilling this contract:

1. The contractor shall not enter into a contract with a subcontractor unless the subcontractor first provides the contractor with a valid proof of business registration.
2. The contractor shall maintain and submit to the Contracting Agency a list of subcontractors and their addresses that may be updated from time to time.
3. Prior to receipt of final payment from a contracting agency, a contractor must submit to the contracting agency an accurate list of all subcontractors or attest that none was used.
4. The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall collect and remit to the Director of the Division of Taxation in the Department of the Treasury, the use tax due pursuant to the Sales and Use Tax Act, (N.J.S.A. 54:32B-1 et seq.) on all sales of tangible personal property delivered into the State. Any questions in this regard can be directed to the Division of Taxation at (609) 292-6400.

For more information on how to obtain a Business Registration Certificate, please visit the State of New Jersey, Department of Treasury, Division of Revenue and Enterprise Services website at:
http://www.state.nj.us/treasury/revenue/busregcert.shtml


STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE
FOR STATE AGENCY AND CASINO SERVICE CONTRACTORS

DEPARTMENT OF TREASURY
DIVISION OF REVENUE
PO BOX 252
TRENTON, NJ

TAXPAYER NAME:
TAX REGISTRATION TEST ACCOUNT

TRADE NAME:
CLIENT REGISTRATION

TAXPAYER IDENTIFICATION#:
970-097-382/500

SEQUENCE NUMBER:
0107330

ADDRESS:
847 ROEBLING AVE
TRENTON NJ 08611

ISSUANCE DATE:
07/14/04

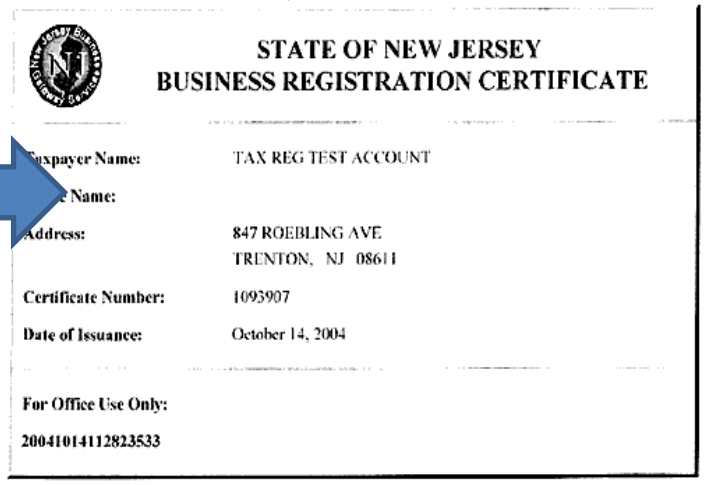
EFFECTIVE DATE:
01/01/01

Acting Director

FORM-BRC(08-01)

This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

SAMPLE


STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE

Taxpayer Name: TAX REG TEST ACCOUNT

Trade Name:

Address: 847 ROEBLING AVE
TRENTON, NJ 08611

Certificate Number: 1093907

Date of Issuance: October 14, 2004

For Office Use Only:

20041014112823533

N.J.S.A. 54:49-4.1: Violations of Registration Requirements; Penalties.

A business organization that fails to provide a copy of a business registration as required pursuant to section 1 of P.L.2001, c.134 (C.52:32-44 et al.) or subsection e. or f. of section 92 of P.L.1977, c.110 (C.5:12-92), or that provides false information of business registration under the requirements of either of those sections, shall be liable for a penalty of $25 for each day of violation, not to exceed $50,000 for each business registration copy not properly provided under a contract with a contracting agency.

All respondents are urged to submit with their response, a copy of their firm's New Jersey Business Registration Certificate. Failure to submit the Certificate to the ESCNJ prior to the award of contract will result in the rejection of the entire bid or proposal.

CONTRACTOR/VENDOR REQUIREMENTS—OFFICE OF THE NEW JERSEY STATE COMPTROLLER

Contractors/vendors doing business with the ESCNJ are reminded of the following legal requirements pertaining to the Office of the New Jersey State Comptroller:

A. Access to Relevant Documents and Information—N.J.S.A. 52:15C-14 (d)

Private vendors or other persons contracting with or receiving funds from a unit in the Executive branch of State government, including an entity exercising executive branch authority, independent State authority, public institution of higher education, or unit of local government or board of education shall upon request by the State Comptroller provide the State Comptroller with prompt access to all relevant documents and information as a condition of the contract and receipt of public monies. The State Comptroller shall not disclose any document or information to which access is provided that is confidential or proprietary. If the State Comptroller finds that any person receiving funds from a unit in the Executive branch of State government, including an entity exercising executive branch authority, independent State authority, public institution of higher education, or unit of local government or board of education refuses to provide information upon the request of the State Comptroller, or otherwise impedes or fails to cooperate with any audit or performance review, the State Comptroller may recommend to the contracting unit that the person be subject to termination of their contract, or temporarily or permanently debarred from contracting with the contracting unit.

B. Maintenance of Contract Records—N.J.A.C. 17:44-2.2

Relevant records of private vendors or other persons entering into contracts with covered entities are subject to audit or review by OSC pursuant to N.J.S.A. 52:15C-14(d).

The contractor/vendor to whom a contract has been awarded shall maintain all documentation related to products, transactions or services under this contract for a period of five years from the date of final payment. Such records shall be made available to the New Jersey Office of the State Comptroller upon request.

D. Renewal of Contract; Services

The ESCNJ may, at its discretion, request that a contract for services be renewed in full accordance with N.J.S.A. 18A:18A-42. The ESCNJ may negotiate terms for a renewal of contract proposal and present such negotiated proposal to the Board. All multi-year contracts and renewals are subject to the availability and appropriation annually of sufficient funds as may be needed to meet the extended obligation.

The ESCNJ is the final authority in awarding renewals of contracts.

DEBARMENT, SUSPENSION, OR DISQUALIFICATION

The ESCNJ will not enter into a contract for work with any person, company or firm that is on the State Department of Labor and Workforce Development; Prevailing Wage Debarment List, or the State of New Jersey Consolidated Debarment Report (https://www.state.nj.us/treasury/revenue/debarment/index.shtml).

All bidders are required to submit a sworn statement indicating whether or not the bidder is, at the time of the bid, included on the State Department of Labor and Workforce Development; Prevailing Wage Debarment List or

the State of New Jersey Consolidated Debarment Report, or the Federal Debarred Vendor List—Excluded Parties List System—System for Award Management—SAM.gov

IRAN DISCLOSURE OF INVESTMENT ACTIVITIES N.J.S.A. (18A:18A-49.4)

The ESCNJ, pursuant to N.J.S.A. 18A:18A-49.4, shall implement and comply with Public Law 2012, c.25, Disclosure of Investment Activities in Iran—N.J.S.A. 52:32-55 et seq.

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete a certification attesting,

IRAN DISCLOSURE OF INVESTMENT ACTIVITIES N.J.S.A. (18A:18A-49.4) cont'd.

under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf. Bidders must review this list prior to completing the below certification.

If the ESCNJ determines that a person or entity has submitted a false certification concerning its engagement in investment activities in Iran under section 4 of P.L.2012, c.25 (C.52:32-58), the ESCNJ shall report to the New Jersey Attorney General the name of that person or entity, and the Attorney General shall determine whether to bring a civil action against the person to collect the penalty prescribed in paragraph (1) of subsection a. of section 5 of P.L.2012, c.25 (C.52:32-59).

In addition, bidders must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes on the lower portion of the enclosed form.

The ESCNJ has provided within the specifications, a Disclosure of Investments Activities certification form for all persons or entities, that plan to submit a bid, respond to a proposal, or renew a contract with the ESCNJ, to complete, sign and submit with the proposal.

Failure to complete, sign and submit the Disclosure of Investment Activities in Iran form with the bid/proposal shall be cause for rejection of the bid or proposal.

POLITICAL CONTRIBUTIONS DISCLOSURE – AWARD OF CONTRACTS

Pursuant to N.J.A.C. 6A:23A-6.3 (a) (1-4) please note the following:

Award of Contract – Reportable Contributions – N.J.A.C. 6A:23A-6.3 (a) (1)

"No board of education will vote upon or award any contract in the amount of $17,500 or greater to any business entity which has made a contribution reportable by the recipient under P.L. 1973, c83 (codified at N.J.S.A. 19:44A-1 et. seq.) to a member of the board of education during the preceding one-year period."

Contributions During Term of Contract – Prohibited – N.J.A.C. 6A:23A-6.3 (a) (2, 3)

"Contributions reportable by the recipient under P.L. 1973, c83 (codified at N.J.S.A. 19:44A-1 et. seq.) to any member of the school board from any business entity doing business with the school district are prohibited during the term of the contract."

"When a business entity referred in 4.1(e) is a natural person, contribution by that person's spouse or child that resides therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity."

Chapter 271 Political Contribution Disclosure Form – Required – N.J.A.C. 6A:23A-6.3 (a) (4)

All respondents shall submit with their bid package a completed and signed Chapter 271 Political Contribution Disclosure Form. The Chapter 271 form will be reviewed by the district to determine whether the vendor is in compliance with the aforementioned N.J.A.C. 6A:23A-6.3 (a) (2) Award of Contract.

The Chapter 271 Political Contribution Disclosure form shall be submitted with the response to the bid/proposal or no later than ten (10) days prior to the award of contract. Failure to provide the completed and signed form shall be cause for disqualification of the bid/proposal.

POLITICAL CONTRIBUTION DISCLOSURE STATEMENT – PAY TO PLAY

Annual Disclosure

A business entity as defined by law is advised of its responsibility to file an annual disclosure statement on political contributions with the **New Jersey Election Law Enforcement Commission** pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005 Chapter 271 section 3) if the business entity receives contracts in excess of $50,000 from public entities in a calendar year. It is the business entity's responsibility to determine if filing is necessary. Additional information on this requirement is available from the New Jersey Election Law Enforcement Commission at 1-888-313-3532 or at www.elec.state.nj.us.

Chapter 271 Political Contribution Disclosure Form

Business entities (contractors) receiving contracts from a public agency that are NOT awarded pursuant to a "fair and open" process (defined at N.J.S.A. 19:44A-20.7) are subject to the provisions of P.L. 2005, c. 271, s.2 (N.J.S.A. 19:44A-20.26). This law provides that 10 days prior to the award of such a contract, the contractor shall disclose contributions to:

- any State, county, or municipal committee of a political party
- any legislative leadership committee*
- any continuing political committee (a.k.a., political action committee)
- any candidate committee of a candidate for, or holder of, an elective office:
    - of the public entity awarding the contract
    - of that county in which that public entity is located
    - of another public entity within that county
    - or of a legislative district in which that public entity is located or, when the public entity is a county,
    - of any legislative district which includes all or part of the county.

The disclosure must list reportable contributions to any of the committees that exceed $300 per election cycle that were made during the 12 months prior to award of the contract. See N.J.S.A. 19:44A-8 and 19:44A-16 for more details on reportable contributions.

The ESCNJ has provided a Chapter 271 Political Contribution Disclosure Form within the specifications package for use by the business entity. The ESCNJ has also provided a list of agencies to assist the contractor. The enclosed list of agencies is provided to assist the contractor in identifying those public agencies whose elected official and/or candidate campaign committees are affected by the disclosure requirement. It is the contractor's responsibility to identify the specific committees to which contributions may have been made and need to be disclosed. The disclosed information may exceed the minimum requirement.

PREVAILING WAGES

Where applicable, all vendors must adhere to NJ State Prevailing Wage laws; All subcontractors named in this bid understand the requirements of the subcontractor to pay prevailing wages in full accordance with the law, where applicable**.**

STATEMENT OF OWNERSHIP N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

No business organization, regardless of form of ownership, shall be awarded any contract for the performance of any work or the furnishing of any goods and services, unless, prior to the receipt of the bid or accompanying the bid of said business organization, bidders shall submit a statement setting forth the names and addresses of all persons and entities that own ten percent or more of its stock or interest of any type at all levels of ownership.

The included Statement of Ownership shall be completed and attached to the bid proposal. This requirement applies to all forms of business organizations, including, but not limited to, corporations and partnerships, publicly-owned corporations, limited partnerships, limited liability corporations, limited liability partnerships, sole proprietorship, and Subchapter S corporations. **Failure to submit a disclosure document shall result in rejection of the bid as it cannot be remedied after bids have been opened.**

Not-for-profit entities should fill in their name, check the not-for-profit box, and certify the form. No other information is required.

AFFIRMATIVE ACTION QUESTIONNAIRE

1. Our company has a federal Affirmative Action Plan approval. ☐ Yes ☐ No

If yes, please attach a copy of the plan to this questionnaire.

2. Our company has a New Jersey State Certificate of Employee Information Report. ☐ Yes ☐ No

If yes, please attach a copy of the certificate to this questionnaire.

3. If you answered "***NO"*** to both questions above, No. 1 and 2, you must apply for an Affirmative Action Employee Information Report – Form AA302.

Please visit the New Jersey Department of Treasury website for the Division of Public Contracts Equal Employment Opportunity Compliance:

https://www.nj.gov/treasury/contract_compliance/

a. Click on "Employee Information Report"
b. Complete and submit the form with the *appropriate payment* to:

Department of Treasury
Division of Purchase and Property
Contract Compliance and Audit Unit
EEO Monitoring P.O. Box 206
Trenton, New Jersey 08625-0206

All fees for this application are to be paid directly to the State of New Jersey. A copy shall be submitted to the ESCNJ prior to the execution or award of contract.

I certify that the above information is correct to the best of my knowledge.

Name of Company/Firm _____

Address _____
City, State, Zip _____

Name of Authorized Agent _____Title _____
SIGNATURE _____ Date _____

APPENDIX A
AMERICANS WITH DISABILITIES ACT OF 1990
Equal Opportunity for Individuals with Disability

The contractor and the Educational Services Commission of New Jersey (hereafter "owner") do hereby agree that the provisions of Title 11 of the Americans with Disabilities Act of 1990 (the "Act") (42 U.S.C. S121 01 et seq.), which prohibits discrimination on the basis of disability by public entities in all services, programs, and activities provided or made available by public entities, and the rules and regulations promulgated pursuant there unto, are made a part of this contract. In providing any aid, benefit, or service on behalf of the owner pursuant to this contract, the contractor agrees that the performance shall be in strict compliance with the Act. In the event that the contractor, its agents, servants, employees, or subcontractors violate or are alleged to have violated the Act during the performance of this contract, the contractor shall defend the owner in any action or administrative proceeding commenced pursuant to this Act. The contractor shall indemnify, protect, and save harmless the owner, its agents, servants, and employees from and against any and all suits, claims, losses, demands, or damages, of whatever kind or nature arising out of or claimed to arise out of the alleged violation. The contractor shall, at its own expense, appear, defend, and pay any and all charges for legal services and any and all costs and other expenses arising from such action or administrative proceeding or incurred in connection therewith. In any and all complaints brought pursuant to the owner's grievance procedure, the contractor agrees to abide by any decision of the owner which is rendered pursuant to said grievance procedure. If any action or administrative proceeding results in an award of damages against the owner, or if the owner incurs any expense to cure a violation of the ADA which has been brought pursuant to its grievance procedure, the contractor shall satisfy and discharge the same at its own expense.

The owner shall, as soon as practicable after a claim has been made against it, give written notice thereof to the contractor along with full and complete particulars of the claim, If any action or administrative proceeding is brought against the owner or any of its agents, servants, and employees, the *owner shall* expeditiously forward or have forwarded to the contractor every demand, complaint, notice, summons, pleading, or other process received by the owner or its representatives.

It is expressly agreed and understood that any approval by the owner of the services provided by the contractor pursuant to this contract will not relieve the contractor of the obligation to comply with the Act and to defend, indemnify, protect, and save harmless the owner pursuant to this paragraph.

It is further agreed and understood that the owner assumes no obligation to indemnify or save harmless the contractor, its agents, servants, employees and subcontractors for any claim which may arise out of their performance of this Agreement. Furthermore, the contractor expressly understands and agrees that the provisions of this indemnification clause shall in no way limit the contractor's obligations assumed in this Agreement, nor shall they be construed to relieve the contractor from any liability, nor preclude the owner from taking any other actions available to it under any other provisions of the Agreement or otherwise at law.

Company _____ Name _____

Signature _____ Title _____

ASSURANCE OF COMPLIANCE

Contact with Students

There may be times during the performance of this contract, where a contracted service provider may come in contact with students of the school district. The district fully understands it obligation to provide to all students and staff members, a safe educational environment. To this end, the district is requiring all bidders to sign a statement of Assurance of Compliance, acknowledging the bidder's understanding of the below listed requirements and further acknowledging the bidder's assurance of compliance with those listed requirements.

Anti-Bullying Reporting--Requirement

When applicable, the contracted service provider shall comply with all applicable provisions of the New Jersey Anti-Bullying Bill of Rights Act—N.J.S.A. 18A:37-13.1 et seq., all applicable code and regulations, and the Anti-Bullying Policy of the Board of Education. In accordance with N.J.A.C. 6A:16-7.7 (c), a contracted service provider, who has witnessed, or has reliable information that a student has been subject to harassment, intimidation, or bullying shall immediately report the incident to any school administrator or safe schools resource officer, or the School Business Administrator/Board Secretary.

Criminal History Background Checks—N.J.S.A. 18A:6-7.1--Requirement

When applicable, the contracted service provider, shall provide to the school district prior to commencement of contract, evidence or proof that each employee assigned to provide services and that comes in **regular contact** with students, has had a criminal history background check, and furthermore, that said background check indicates that no criminal history record information exists on file for that worker. Failure to provide a proof of criminal history background check for any employee coming in regular contact with students, prior to commencement of contact, may be cause for breach of contract. See NJDOE Broadcast 9/9/19.

Pre-Employment Requirements

When applicable, all contracted service providers, whose employees have **regular contact with students**, shall comply with the Pre-Employment Requirements in accordance with New Jersey P.L. 2018 c.5, N.J.S.A. 18A:6-7.6 et seq. Contracted service providers are to review the following New Jersey Department of Education Office of Student Protection—Pre-Employment Resource P.L. 2018 c.5 link below for guidance and compliance procedures.

https://www.nj.gov/education/crimhist/preemployment/

Name of Company _____

Name of Authorized Representative _____

Signature _____ Date _____

(Revised: January, 2016)

EXHIBIT A
MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
N.J.S.A. 10:5-31 et seq. (P.L. 1975, C. 127)
N.J.A.C. 17:27
GOODS, PROFESSIONAL SERVICE AND GENERAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union of the contractor's commitments under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2.

The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

- Letter of Federal Affirmative Action Plan Approval
- Certificate of Employee Information Report
- Employee Information Report Form AA302 (electronically provided by the Division and distributed to the public agency through the Division's website at https://www.nj.gov/treasury/contract_compliance/

The contractor and its subcontractors shall furnish such reports or other documents to the Division of Purchase & Property, CCAU, EEO Monitoring Program as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Purchase & Property, CCAU, EEO Monitoring Program for conducting an investigation pursuant to N.J.A.C. 17:27-1.1 et seq.

Company _____ Name _____

Signature _____ Title _____

Date: _____

Form AA302
Rev. 11/11

STATE OF NEW JERSEY

Division of Purchase & Property
Contract Compliance Audit Unit
EEO Monitoring Program

EMPLOYEE INFORMATION REPORT

IMPORTANT-READ INSTRUCTIONS CAREFULLY BEFORE COMPLETING FORM. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM AND TO SUBMIT THE REQUIRED $150.00 FEE MAY DELAY ISSUANCE OF YOUR CERTIFICATE. DO NOT SUBMIT EEO-1 REPORT FOR SECTION B, ITEM 11. For Instructions on completing the form, go to: http://www.state.nj.us/treasury/contract_compliance/pdf/aa302ins.pdf

SECTION A - COMPANY IDENTIFICATION

1. FID. NO. OR SOCIAL SECURITY

2. TYPE OF BUSINESS
☐ 1. MFG ☐ 2. SERVICE ☐ 3. WHOLESALE
☐ 4. RETAIL ☐ 5. OTHER

3. TOTAL NO. EMPLOYEES IN THE ENTIRE COMPANY

4. COMPANY NAME

5. STREET CITY COUNTY STATE ZIP CODE

6. NAME OF PARENT OR AFFILIATED COMPANY (IF NONE, SO INDICATE) CITY STATE ZIP CODE

7. CHECK ONE: IS THE COMPANY: ☐ SINGLE-ESTABLISHMENT EMPLOYER ☐ MULTI-ESTABLISHMENT EMPLOYER

8. IF MULTI-ESTABLISHMENT EMPLOYER, STATE THE NUMBER OF ESTABLISHMENTS IN NJ

9. TOTAL NUMBER OF EMPLOYEES AT ESTABLISHMENT WHICH HAS BEEN AWARDED THE CONTRACT

10. PUBLIC AGENCY AWARDING CONTRACT CITY COUNTY STATE ZIP CODE

Official Use Only	DATE RECEIVED	INAUG DATE	ASSIGNED CERTIFICATION NUMBER

SECTION B - EMPLOYMENT DATA

11. Report all permanent, temporary and part-time employees ON YOUR OWN PAYROLL. Enter the appropriate figures on all lines and in all columns. Where there are no employees in a particular category, enter a zero. Include ALL employees, not just those in minority/non-minority categories, in columns 1, 2, & 3. *DO NOT SUBMIT AN EEO-1 REPORT.*

JOB CATEGORIES	ALL EMPLOYEES			PERMANENT MINORITY/NON-MINORITY EMPLOYEE BREAKDOWN									
				MALE					FEMALE				
	COL. 1 TOTAL (Cols.2 &3)	COL. 2 MALE	COL. 3 FEMALE	BLACK	HISPANIC	AMER. INDIAN	ASIAN	NON MIN.	BLACK	HISPANIC	AMER. INDIAN	ASIAN	NON MIN.
Officials/ Managers													
Professionals													
Technicians													
Sales Workers													
Office & Clerical													
Craftworkers (Skilled)													
Operatives (Semi-skilled)													
Laborers (Unskilled)													
Service Workers													
TOTAL													
Total employment From previous Report (if any)													
Temporary & Part-Time Employees	The data below shall NOT be included in the figures for the appropriate categories above.												

SAMPLE

12. HOW WAS INFORMATION AS TO RACE OR ETHNIC GROUP IN SECTION B OBTAINED?
☐ 1. Visual Survey ☐ 2. Employment Record ☐ 3. Other (Specify)

13. DATES OF PAYROLL PERIOD USED
From: To:

14. IS THIS THE FIRST Employee Information Report Submitted?
1. YES ☐ 2. NO ☐

15. IF NO, DATE LAST REPORT SUBMITTED
MO. DAY YEAR

SECTION C - SIGNATURE AND IDENTIFICATION

16. NAME OF PERSON COMPLETING FORM (Print or Type) SIGNATURE TITLE DATE MO DAY YEAR

17. ADDRESS NO. & STREET CITY COUNTY STATE ZIP CODE PHONE (AREA CODE, NO.,EXTENSION)
- -

To download the AA-302 form, click this link:
https://www.nj.gov/treasury/contract_compliance/documents/pdf/forms/aa302.pdf

INSTRUCTIONS FOR COMPLETING THE EMPLOYEE INFORMATION REPORT (FORM AA302)

IMPORTANT: READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE FORM. PRINT OR TYPE ALL INFORMATION. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM **AND TO SUBMIT THE REQUIRED $150.00 NON-REFUNDABLE FEE MAY DELAY ISSUANCE OF YOUR CERTIFICATE**. **IF YOU HAVE A CURRENT CERTIFICATE OF EMPLOYEE INFORMATION REPORT, DO NOT COMPLETE THIS FORM UNLESS YOUR ARE RENEWING A CERTIFICATE THAT IS DUE FOR EXPIRATION. DO NOT COMPLETE THIS FORM FOR CONSTRUCTION CONTRACT AWARDS.**

ITEM 1 - Enter the Federal Identification Number assigned by the Internal Revenue Service, or if a Federal Employer Identification Number has been applied for, or if your business is such that you have not or will not receive a Federal Employer Identification Number, enter the Social Security Number of the owner or of one partner, in the case of a partnership.

ITEM 2 - Check the box appropriate to your TYPE OF BUSINESS. If you are engaged in more than one type of business check the predominate one. If you are a manufacturer deriving more than 50% of your receipts from your own retail outlets, check "Retail".

ITEM 3 - Enter the total "number" of employees in the entire company, including part-time employees. This number shall include all facilities in the entire firm or corporation.

ITEM 4 - Enter the name by which the company is identified. If there is more than one company name, enter the predominate one.

ITEM 5 - Enter the physical location of the company. Include City, County, State and Zip Code.

ITEM 6 - Enter the name of any parent or affiliated company including the City, County, State and Zip Code. If there is none, so indicate by entering "None" or N/A.

ITEM 7 - Check the box appropriate to your type of company establishment. "Single-establishment Employer" shall include an employer whose business is conducted at only one physical location. "Multi-establishment Employer" shall include an employer whose business is conducted at more than one location.

ITEM 8 - If "Multi-establishment" was entered in item 8, enter the number of establishments within the State of New Jersey.

ITEM 9 - Enter the total number of employees at the establishment being awarded the contract.

ITEM 10 - Enter the name of the Public Agency awarding the contract. Include City, County, State and Zip Code. This is not applicable if you are renewing a current certificate.

ITEM 11 - Enter the appropriate figures on all lines and in all columns. THIS SHALL ONLY INCLUDE EMPLOYMENT DATA FROM THE FACILITY THAT IS BEING AWARDED THE CONTRACT. DO NOT list the same employee in more than one job category. **DO NOT attach an EEO-1 Report.**

Racial/Ethnic Groups will be defined:
Black: Not of Hispanic origin. Persons having origin in any of the Black racial groups of Africa.
Hispanic: Persons of Mexican, Puerto Rican, Cuban, or Central or South American or other Spanish culture or origin, regardless of race.
American Indian or Alaskan Native: Persons having origins in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition.
Asian or Pacific Islander: Persons having origin in any of the original peoples of the Far East, Southeast Asia, the Indian Sub-continent or the Pacific Islands. This area includes for example, China, Japan, Korea, the Philippines Islands and Samoa.
Non-Minority: Any Persons not identified in any of the aforementioned Racial/Ethnic Groups.

ITEM 12 - Check the appropriate box. If the race or ethnic group information was not obtained by 1 or 2, specify by what other means this was done in 3.

ITEM 13 - Enter the dates of the payroll period used to prepare the employment data presented in Item 12.

ITEM 14 - If this is the first time an Employee Information Report has been submitted for this company, check block "Yes".

ITEM 15 - If the answer to Item 15 is "No", enter the date when the last Employee Information Report was submitted by this company.

ITEM 16 - Print or type the name of the person completing the form. Include the signature, title and date.

ITEM 17 - Enter the physical location where the form is being completed. Include City, State, Zip Code and Phone Number.

TYPE OR PRINT IN SHARP BALL POINT PEN

THE VENDOR IS TO COMPLETE THE EMPLOYEE INFORMATION REPORT FORM (AA302) AND RETAIN A COPY FOR THE VENDOR'S OWN FILES. THE VENDOR SHOULD ALSO SUBMIT A COPY TO THE PUBLIC AGENCY AWARDING THE CONTRACT IF THIS IS YOUR FIRST REPORT; AND FORWARD ONE COPY **WITH A CHECK IN THE AMOUNT OF $150.00 PAYABLE TO THE TREASURER, STATE OF NEW JERSEY(FEE IS NON-REFUNDABLE)** TO:

NJ Department of the Treasury
Division of Public Contracts Equal Employment Opportunity Compliance

P.O. Box 206

Trenton, New Jersey 08625-0206 Telephone No. (609) 292-5473

Educational Services Commission of New Jersey

Business Office

1660 Stelton Road, Floor 2
Piscataway, New Jersey 08854

Chapter 271
Political Contribution Disclosure Form

(Contracts that Exceed $17,500.00)
Ref. N.J.S.A. 19:44A-20.26

The undersigned, being authorized and knowledgeable of the circumstances, does hereby certify that _____(Business Entity) has made the following **reportable** political contributions to any elected official, political candidate or any political committee as defined in N.J.S.A. 19:44-20.26 during the twelve (12) months preceding this award of contract:

Reportable Contributions

Date of Contribution	Amount of Contribution	Name of Recipient Elected Official/ Committee/Candidate	Name of Contributor

The Business Entity may attach additional pages if needed.

_____

☐ **No Reportable Contributions** (Please check (✓) if applicable.)

I certify that _____ (Business Entity) made no reportable contributions to any elected official, political candidate or any political committee as defined in N.J.S.A. 19:44-20.26.

Certification

I certify that the information provided above is in full compliance with Public law 2005 – Chapter 271.

Name of Authorized Agent _____

Signature _____ Title _____

Business Entity _____

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Contractor Instructions

Business entities (contractors) receiving contracts from a public agency that are NOT awarded pursuant to a "fair and open" process (defined at N.J.S.A. 19:44A-20.7) are subject to the provisions of P.L. 2005, c. 271, s. 2 (N.J.S.A. 19:44A-20.26). This law provides that 10 days prior to the award of such a contract, the contractor shall disclose contributions to:

- any State, county, or municipal committee of a political party
- any legislative leadership committee*[1]
- any continuing political committee (a.k.a., political action committee)
- any candidate committee of a candidate for, or holder of, an elective office:
    - of the public entity awarding the contract
    - of that county in which that public entity is located
    - of another public entity within that county
    - or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county

The disclosure must list reportable contributions to any of the committees that exceed $300 per election cycle that were made during the 12 months prior to award of the contract. See N.J.S.A. 19:44A-8 and 19:44A-16 for more details on reportable contributions.

N.J.S.A. 19:44A-20.26 itemizes the parties from whom contributions must be disclosed when a business entity is not a natural person. This includes the following:

- individuals with an "interest" ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit
- all principals, partners, officers, or directors of the business entity or their spouses
- any subsidiaries directly or indirectly controlled by the business entity
- IRS Code Section 527 New Jersey based organizations, directly or indirectly controlled by the business entity and filing as continuing political committees, (PACs)

When the business entity is a natural person, "a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity." [N.J.S.A. 19:44A-20.26(b)]. The contributor must be listed on the disclosure.

Any business entity that fails to comply with the disclosure provisions shall be subject to a fine imposed by ELEC in an amount to be determined by the Commission which may be based upon the amount that the business entity failed to report.

The enclosed list of agencies is provided to assist the contractor in identifying those public agencies whose elected official and/or candidate campaign committees are affected by the disclosure requirement. It is the contractor's responsibility to identify the specific committees to which contributions may have been made and need to be disclosed. The disclosed information may exceed the minimum requirement.

The enclosed form, a content-consistent facsimile, or an electronic data file containing the required details (along with a signed over sheet) may be used as the contractor's submission and is disclosable to the public under the Open Public Records Act.

The contractor must also complete the attached Stockholder Disclosure Certification. This will assist the agency in meeting its obligations under the law. **NOTE: This section does not apply to Board of Education contracts.**

[1] N.J.S.A. 19:44A-3(s): "The term "legislative leadership committee" means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker of the General Assembly or the Minority Leader of the General Assembly pursuant to section 16 of P.L. 1993, c. 65 (C. 19:44A-10.1) for the purpose of receiving contributions and making expenditures."

P.L. 2005, c. 271

(Unofficial version, Assembly Committee Substitute to A-3013, First Reprint*)

AN ACT authorizing units of local government to impose limits on political contributions by contractors and supplementing Title 40A of the New Jersey Statutes and Title 19 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

40A:11-51 1. a. A county, municipality, independent authority, board of education, or fire district is hereby authorized to establish by ordinance, resolution or regulation, as may be appropriate, measures limiting the awarding of public contracts there from to business entities that have made a contribution pursuant to P.L. 1973, c. 83 (C. 19:44A-1 et seq.) and limiting the contributions that the holders of a contract can make during the term of a contract, notwithstanding the provisions and parameters of sections 1 through 12 of P.L. 2004, c. 19 (C. 19:44A-20.2 et al.) and section 22 of P.L. 1973, c. 83 (C. 19:44A-22).

b. The provisions of P.L. 2004, c. 19 shall not be construed to supersede or preempt any ordinance, resolution or regulation of a unit of local government that limits political contributions by business entities performing or seeking to perform government contracts. Any ordinance, resolution or regulation in effect on the effective date of P.L. 2004, c. 19 shall remain in effect and those adopted after that effective date shall be valid and enforceable.

c. An ordinance, resolution or regulation adopted or promulgated as provided in this section shall be filed with the Secretary of State.

19:44A-20.26 2. a. Not later than 10 days prior to entering into any contract having an anticipated value in excess of $17,500, except for a contract that is required by law to be publicly advertised for bids, a State agency, county, municipality, independent authority, board of education, or fire district shall require any business entity bidding thereon or negotiating therefor, to submit along with its bid or price quote, a list of political contributions as set forth in this subsection that are reportable by the recipient pursuant to the provisions of P.L. 1973, c. 83 (C.19:44A-1 et seq.) and that were made by the business entity during the preceding 12 month period, along with the date and amount of each contribution and the name of the recipient of each contribution. A business entity contracting with a State agency shall disclose contributions to any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or any continuing political committee. A business entity contracting with a county, municipality, independent authority, other than an independent authority that is a State agency, board of education, or fire district shall disclose contributions to: any State, county, or municipal committee of a political party; any legislative leadership committee; or any candidate committee of a candidate for, or holder of, and elective office of that public entity, of that county in which that public entity is located, of another public entity within that county, or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county, or any continuing political committee.

The provisions of this section shall not apply to a contract when a public emergency requires the immediate delivery of goods or services.

b. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

c. As used in this section:
"business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction;

"interest" means the ownership or control of more than 10% of the profits or assets of a business entity of 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate; and

"State agency" means any of the principal departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other instrumentality within or created by such department, the Legislature of the State and any office,

board, bureau or commission within or created by the Legislative Branch, and any independent State authority, commission, instrumentality or agency.

d. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

19:44A-20.13 3. a. Any business entity making a contribution of money or any other thing of value, including an in-kind contribution, or pledge to make a contribution of any kind to a candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, or to a political party committee, legislative leadership committee, political committee or continuing political committee, which has received in any calendar year $50,000 or more in the aggregate through agreements or contracts with a public entity, shall file an annual disclosure statement with the New Jersey Election Law Enforcement Commission, established pursuant to section 5 of P.L. 1973, c. 83 (C. 19:44A-5), setting forth all such contributions made by the business entity during the 12 months prior to the reporting deadline.

b. The commission shall prescribe forms and procedures for the reporting required in subsection a. of this section which shall include, but not be limited to:

(1) the name and mailing address of the business entity making the contribution, and the amount contributed during the 12 months prior to the reporting deadline;

(2) the name of the candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, candidate committee, joint candidates committee, political party committee, legislative leadership committee, political committee or continuing political committee receiving the contribution; and

(3) the amount of money the business entity received from the public entity through contract or agreement, the dates, and information identifying each contract or agreement and describing the goods, services or equipment provided or property sold.

c. The commission shall maintain a list of such reports for public inspection both at its office and through its Internet site.

d. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity, or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

As used in this section:

"Business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction; and

"Interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate.

e. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

4. This act shall take effect immediately.

*Note: Bold italicized statutory references of new sections are anticipated and not final as of the time this document was prepared. Statutory compilations of N.J.S.A. 18A:18A-51 is anticipated to show a reference to N.J.S.A. 40:11-51 and to N.J.S.A. 19:44A-20.26.

STATE OF NEW JERSEY
DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

PART 1: CERTIFICATION
BIDDERS MUST COMPLETE PART 1 BY CHECKING EITHER BOX.

Part 1
FAILURE TO CHECK EITHER BOX WILL RENDER THE PROPOSAL NON-RESPONSIVE.

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf. Bidders **must** review this list prior to completing the below certification. **Failure to complete the certification will render a bidder's proposal non-responsive**. If the Director finds a person or entity to be in violation of law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

PLEASE CHECK THE APPROPRIATE BOX:

☐ **I certify, pursuant to Public Law 2012, c. 25, that neither the person/entity listed above nor any of the entity's parents, subsidiaries, or affiliates is listed** on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. **I will skip Part 2 and sign and complete the Certification below.**

OR

☐ **I am unable to certify as above because I or the bidding entity and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below**. Failure to provide such will result in the proposal being rendered as non-responsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

Part 2
PLEASE PROVIDE FURTHER INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

You must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes below.

PROVIDE INFORMATION RELATIVE TO THE ABOVE QUESTIONS. PLEASE PROVIDE THOROUGH ANSWERS TO EACH QUESTION. IF YOU NEED TO MAKE ADDITIONAL ENTRIES, USE ADDITIONAL PAGES

Name:_____
Relationship to Bidder/Vendor:_____
Description of Activities:_____
_____
Duration of Engagement:_____Anticipated Cessation Date_____
Bidder/Vendor_____

Contact Name:_____Contact Phone Number:_____

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I attest that I am authorized to execute this certification on behalf of the below-referenced person or entity. I acknowledge that the Educational Services Commission of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of contracts with the Educational Services Commission of New Jersey to notify the Educational Services Commission of New Jersey in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreements(s) with the Educational Services Commission of New Jersey and that the Educational Services Commission of New Jersey at its option may declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): _____Signature: _____

Title: _____Date: _____
Bidder/Vendor: _____

Statement of Suspension or Debarment

STATE OF NEW JERSEY/ _____
Specify, of other

COUNTY OF _____

I, _____ of the (City, Town, Borough)

of _____ State of _____ of full age,

being duly sworn according to law on my oath depose and say that:

I am _____ of the firm

of _____ the Bidder

making the Proposal for the above named projects, and that I executed the said Proposal with full authority to do so; that said Bidder is not at the time of the making this bid included on the New Jersey State Treasurer's or the Federal Government's List of Debarred, Suspended or Disqualified Bidders or the State Department of Labor and Workforce Development; Prevailing Wage Debarment List as a result of action taken by any State or Federal Agency.

Name of Contractor: _____
(Company Name)

By: _____
(Signature of authorized representative)

Subscribed and sworn to before me

This_____ day of _____, 20 ____

_____
(Seal) Notary Public of New Jersey/
Specify Other State

My Commission expires_____ 20 ___

STATEMENT OF OWNERSHIP DISCLOSURE

N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

This statement shall be completed, certified to, and included with all bid and proposal submissions. Failure to submit the required information is cause for automatic rejection of the bid or proposal.

Name of Organization: _____
Organization Address: _____
City, State, ZIP: _____

Part I Check the box that represents the type of business organization:

☐ Sole Proprietorship (skip Parts II and III, execute certification in Part IV)

☐ Non-Profit Corporation (skip Parts II and III, execute certification in Part IV)

☐ For-Profit Corporation (any type) ☐ Limited Liability Company (LLC)

☐ Partnership ☐ Limited Partnership ☐ Limited Liability Partnership (LLP)

☐ Other (be specific): _____

Part II Check the appropriate box

☐ The list below contains the names and addresses of all stockholders in the corporation who own 10 percent or more of its stock, of any class, or of all individual partners in the partnership who own a 10 percent or greater interest therein, or of all members in the limited liability company who own a 10 percent or greater interest therein, as the case may be. (**COMPLETE THE LIST BELOW IN THIS SECTION**)

OR

☐ No one stockholder in the corporation owns 10 percent or more of its stock, of any class, or no individual partner in the partnership owns a 10 percent or greater interest therein, or no member in the limited liability company owns a 10 percent or greater interest therein, as the case may be. (**SKIP TO PART IV**)

(Please attach additional sheets if more space is needed):

Name of Individual or Business Entity	Home Address (for Individuals) or Business Address

Part III DISCLOSURE OF 10% OR GREATER OWNERSHIP IN THE STOCKHOLDERS, PARTNERS OR LLC MEMBERS LISTED IN PART II

If a bidder has a direct or indirect parent entity which is publicly traded, and any person holds a 10 percent or greater beneficial interest in the publicly traded parent entity as of the last annual federal Security and Exchange Commission (SEC) or foreign equivalent filing, ownership disclosure can be met by providing links to the website(s) containing the last annual filing(s) with the federal Securities and Exchange Commission (or foreign equivalent) that contain the name and address of each person holding a 10% or greater beneficial interest in the publicly traded parent entity, along with the relevant page numbers of the filing(s) that contain the information on each such person. **Attach additional sheets if more space is needed**.

Website (URL) containing the last annual SEC (or foreign equivalent) filing	Page #'s

Please list the names and addresses of each stockholder, partner or member owning a 10 percent or greater interest in any corresponding corporation, partnership and/or limited liability company (LLC) listed in Part II **other than for any publicly traded parent entities referenced above**. The disclosure shall be continued until names and addresses of every non-corporate stockholder, and individual partner, and member exceeding the 10 percent ownership criteria established pursuant to N.J.S.A. 52:25-24.2 has been listed. **Attach additional sheets if more space is needed.**

Stockholder/Partner/Member and Corresponding Entity Listed in Part II	Home Address (for Individuals) or Business Address

Part IV Certification

I, being duly sworn upon my oath, hereby represent that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge: that I am authorized to execute this certification on behalf of the bidder/proposer; that the ***ESCNJ and/or its members*** is relying on the information contained herein and that I am under a continuing obligation from the date of this certification through the completion of any contracts with the ***ESCNJ and/or its members*** to notify the ***ESCNJ and/or its members*** in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I am subject to criminal prosecution under the law and that it will constitute a material breach of my agreement(s) with the, permitting the ***ESCNJ and/or its members*** to declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print):		Title:	
Signature:		Date:	

This statement shall be completed, certified to, and included with all bid and proposal submissions. Failure to submit the required information is cause for automatic rejection of the bid or proposal.

NEW JERSEY REQUIRED DOCUMENTS FOR PUBLIC WORKS BIDS

BUSINESS REGISTRATION CERTIFICATE (N.J.S.A. 52:32-44)

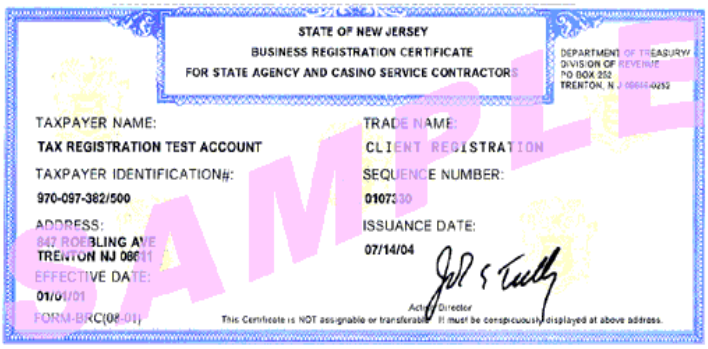
Pursuant to N.J.S.A. 52:32-44, all respondents shall submit prior to award of bid, a copy of their "New Jersey Business Registration Certificate" as issued by the Department of Treasury of the State of New Jersey. The ESCNJ requests that all respondents for this bid/proposal submit a current New Jersey Business Registration Certificate with the bid/proposal.

Goods and Services Contracts

N.J.S.A. 52:32-44 imposes the following requirements on contractors and all subcontractors that knowingly provide goods or perform services for a contractor fulfilling this contract:

3. The contractor shall not enter into a contract with a subcontractor unless the subcontractor first provides the contractor with a valid proof of business registration.
4. The contractor shall maintain and submit to the Contracting Agency a list of subcontractors and their addresses that may be updated from time to time.
3. Prior to receipt of final payment from a contracting agency, a contractor must submit to the contracting agency an accurate list of all subcontractors or attest that none was used.
4. The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall collect and remit to the Director of the Division of Taxation in the Department of the Treasury, the use tax due pursuant to the Sales and Use Tax Act, (N.J.S.A. 54:32B-1 et seq.) on all sales of tangible personal property delivered into the State. Any questions in this regard can be directed to the Division of Taxation at (609) 292-6400.

For more information on how to obtain a Business Registration Certificate, please visit the State of New Jersey, Department of Treasury, Division of Revenue and Enterprise Services website at:
http://www.state.nj.us/treasury/revenue/busregcert.shtml


STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE
FOR STATE AGENCY AND CASINO SERVICE CONTRACTORS

DEPARTMENT OF TREASURY
DIVISION OF REVENUE
PO BOX 252
TRENTON, NJ

TAXPAYER NAME:
TAX REGISTRATION TEST ACCOUNT

TRADE NAME:
CLIENT REGISTRATION

TAXPAYER IDENTIFICATION#:
970-097-382/500

SEQUENCE NUMBER:
0107330

ADDRESS:
847 ROEBLING AVE
TRENTON NJ 08611

ISSUANCE DATE:
07/14/04

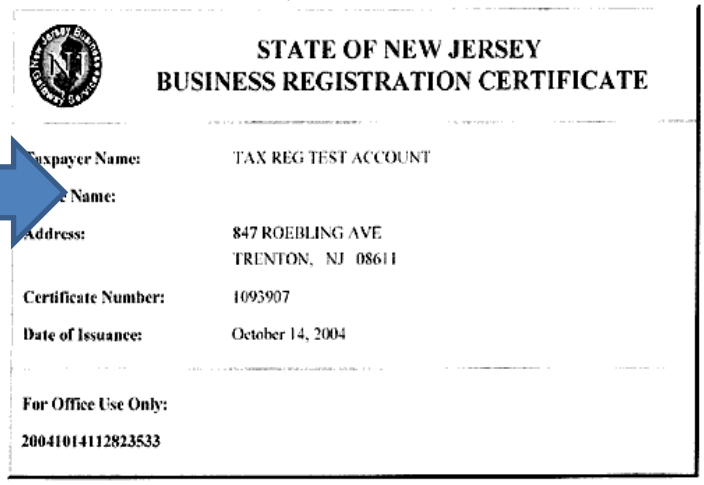
EFFECTIVE DATE:
01/01/01

Acting Director

FORM BRC(08-01)

This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

SAMPLE


STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE

Taxpayer Name: TAX REG TEST ACCOUNT

Trade Name:

Address: 847 ROEBLING AVE
TRENTON, NJ 08611

Certificate Number: 1093907

Date of Issuance: October 14, 2004

For Office Use Only:

20041014112823533

RETURN PRIORTO BID AWARD

N.J.S.A. 54:49-4.1: Violations of Registration Requirements; Penalties.

A business organization that fails to provide a copy of a business registration as required pursuant to section 1 of P.L.2001, c.134 (C.52:32-44 et al.) or subsection e. or f. of section 92 of P.L.1977, c.110 (C.5:12-92), or that provides false information of business registration under the requirements of either of those sections, shall be liable for a penalty of $25 for each day of violation, not to exceed $50,000 for each business registration copy not properly provided under a contract with a contracting agency.

All respondents are urged to submit with their response, a copy of their firm's New Jersey Business Registration Certificate. Failure to submit the Certificate to the ESCNJ prior to the award of contract will result in the rejection of the entire bid or proposal.

CONTRACTOR/VENDOR REQUIREMENTS—OFFICE OF THE NEW JERSEY STATE COMPTROLLER

Contractors/vendors doing business with the ESCNJ are reminded of the following legal requirements pertaining to the Office of the New Jersey State Comptroller:

C. Access to Relevant Documents and Information—N.J.S.A. 52:15C-14 (d)

Private vendors or other persons contracting with or receiving funds from a unit in the Executive branch of State government, including an entity exercising executive branch authority, independent State authority, public institution of higher education, or unit of local government or board of education shall upon request by the State Comptroller provide the State Comptroller with prompt access to all relevant documents and information as a condition of the contract and

CONTRACTOR/VENDOR REQUIREMENTS—OFFICE OF THE NEW JERSEY STATE COMPTROLLER - continued

receipt of public monies. The State Comptroller shall not disclose any document or information to which access is provided that is confidential or proprietary. If the State Comptroller finds that any person receiving funds from a unit in the Executive branch of State government, including an entity exercising executive branch authority, independent State authority, public institution of higher education, or unit of local government or board of education refuses to provide information upon the request of the State Comptroller, or otherwise impedes or fails to cooperate with any audit or performance review, the State Comptroller may recommend to the contracting unit that the person be subject to termination of their contract, or temporarily or permanently debarred from contracting with the contracting unit.

D. Maintenance of Contract Records—N.J.A.C. 17:44-2.2

Relevant records of private vendors or other persons entering into contracts with covered entities are subject to audit or review by OSC pursuant to N.J.S.A. 52:15C-14(d).

The contractor/vendor to whom a contract has been awarded shall maintain all documentation related to products, transactions or services under this contract for a period of five years from the date of final payment. Such records shall be made available to the New Jersey Office of the State Comptroller upon request.

D. Renewal of Contract; Services

The ESCNJ may, at its discretion, request that a contract for services be renewed in full accordance with N.J.S.A. 18A:18A-42. The ESCNJ may negotiate terms for a renewal of contract proposal and present such negotiated proposal to the Board. All multi-year contracts and renewals are subject to the availability and appropriation annually of sufficient funds as may be needed to meet the extended obligation.

The ESCNJ is the final authority in awarding renewals of contracts.

DEBARMENT, SUSPENSION, OR DISQUALIFICATION

The ESCNJ will not enter into a contract for work with any person, company or firm that is on the State Department of Labor and Workforce Development; Prevailing Wage Debarment List, or the State of New Jersey Consolidated Debarment Report (https://www.state.nj.us/treasury/revenue/debarment/index.shtml).

All bidders are required to submit a sworn statement indicating whether or not the bidder is, at the time of the bid, included on the State Department of Labor and Workforce Development; Prevailing Wage Debarment List or the State of New Jersey Consolidated Debarment Report, or the Federal Debarred Vendor List—Excluded Parties List System—System for Award Management—SAM.gov

IRAN DISCLOSURE OF INVESTMENT ACTIVITIES N.J.S.A. (18A:18A-49.4)

The ESCNJ, pursuant to N.J.S.A. 18A:18A-49.4, shall implement and comply with Public Law 2012, c.25, Disclosure of Investment Activities in Iran—N.J.S.A. 52:32-55 et seq.

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete a certification attesting, under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf. Bidders must review this list prior to completing the below certification.

If the ESCNJ determines that a person or entity has submitted a false certification concerning its engagement in investment activities in Iran under section 4 of P.L.2012, c.25 (C.52:32-58), the ESCNJ shall report to the New Jersey Attorney General the name of that person or entity, and the Attorney General shall determine whether to bring a civil action against the person to collect the penalty prescribed in paragraph (1) of subsection a. of section 5 of P.L.2012, c.25 (C.52:32-59).

In addition, bidders must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes on the lower portion of the enclosed form.

The ESCNJ has provided within the specifications, a Disclosure of Investments Activities certification form for all persons or entities, that plan to submit a bid, respond to a proposal, or renew a contract with the ESCNJ, to complete, sign and submit with the proposal.

Failure to complete, sign and submit the Disclosure of Investment Activities in Iran form with the bid/proposal shall be cause for rejection of the bid or proposal.

PREVAILING WAGES

Where applicable, all vendors must adhere to NJ State Prevailing Wage laws; All subcontractors named in this bid understand the requirements of the subcontractor to pay prevailing wages in full accordance with the law, where applicable**.**

STATEMENT OF OWNERSHIP N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

No business organization, regardless of form of ownership, shall be awarded any contract for the performance of any work or the furnishing of any goods and services, unless, prior to the receipt of the bid or accompanying the bid of said business organization, bidders shall submit a statement setting forth the names and addresses of all persons and entities that own ten percent or more of its stock or interest of any type at all levels of ownership.

The included Statement of Ownership shall be completed and attached to the bid proposal. This requirement applies to all forms of business organizations, including, but not limited to, corporations and partnerships, publicly-owned corporations, limited partnerships, limited liability corporations, limited liability partnerships, sole proprietorship, and Subchapter S corporations. **Failure to submit a disclosure document shall result in rejection of the bid as it cannot be remedied after bids have been opened.**

Not-for-profit entities should fill in their name, check the not-for-profit box, and certify the form. No other information is required.

APPENDIX A RETURN WITH BID
AMERICANS WITH DISABILITIES ACT OF 1990
Equal Opportunity for Individuals with Disability

The contractor and the Educational Services Commission of New Jersey (hereafter "owner") do hereby agree that the provisions of Title 11 of the Americans with Disabilities Act of 1990 (the "Act") (42 U.S.C. S121 01 et seq.), which prohibits discrimination on the basis of disability by public entities in all services, programs, and activities provided or made available by public entities, and the rules and regulations promulgated pursuant there unto, are made a part of this contract. In providing any aid, benefit, or service on behalf of the owner pursuant to this contract, the contractor agrees that the performance shall be in strict compliance with the Act. In the event that the contractor, its agents, servants, employees, or subcontractors violate or are alleged to have violated the Act during the performance of this contract, the contractor shall defend the owner in any action or administrative proceeding commenced pursuant to this Act. The contractor shall indemnify, protect, and save harmless the owner, its agents, servants, and employees from and against any and all suits, claims, losses, demands, or damages, of whatever kind or nature arising out of or claimed to arise out of the alleged violation. The contractor shall, at its own expense, appear, defend, and pay any and all charges for legal services and any and all costs and other expenses arising from such action or administrative proceeding or incurred in connection therewith. In any and all complaints brought pursuant to the owner's grievance procedure, the contractor agrees to abide by any decision of the owner which is rendered pursuant to said grievance procedure. If any action or administrative proceeding results in an award of damages against the owner, or if the owner incurs any expense to cure a violation of the ADA which has been brought pursuant to its grievance procedure, the contractor shall satisfy and discharge the same at its own expense.

The owner shall, as soon as practicable after a claim has been made against it, give written notice thereof to the contractor along with full and complete particulars of the claim, If any action or administrative proceeding is brought against the owner or any of its agents, servants, and employees, the *owner shall* expeditiously forward or have forwarded to the contractor every demand, complaint, notice, summons, pleading, or other process received by the owner or its representatives.

It is expressly agreed and understood that any approval by the owner of the services provided by the contractor pursuant to this contract will not relieve the contractor of the obligation to comply with the Act and to defend, indemnify, protect, and save harmless the owner pursuant to this paragraph.

It is further agreed and understood that the owner assumes no obligation to indemnify or save harmless the contractor, its agents, servants, employees and subcontractors for any claim which may arise out of their performance of this Agreement. Furthermore, the contractor expressly understands and agrees that the provisions of this indemnification clause shall in no way limit the contractor's obligations assumed in this Agreement, nor shall they be construed to relieve the contractor from any liability, nor preclude the owner from taking any other actions available to it under any other provisions of the Agreement or otherwise at law.

Company _____ Name _____

Signature _____ Title _____

ASSURANCE OF COMPLIANCE – RETURN WITH BID

Contact with Students
There may be times during the performance of this contract, where a contracted service provider may come in contact with students of the school district. The district fully understands it obligation to provide to all students and staff members, a safe educational environment. To this end, the district is requiring all bidders to sign a statement of Assurance of Compliance, acknowledging the bidder's understanding of the below listed requirements and further acknowledging the bidder's assurance of compliance with those listed requirements.

Anti-Bullying Reporting--Requirement
When applicable, the contracted service provider shall comply with all applicable provisions of the New Jersey Anti-Bullying Bill of Rights Act—N.J.S.A. 18A:37-13.1 et seq., all applicable code and regulations, and the Anti-Bullying Policy of the Board of Education. In accordance with N.J.A.C. 6A:16-7.7 (c), a contracted service provider, who has witnessed, or has reliable information that a student has been subject to harassment, intimidation, or bullying shall immediately report the incident to any school administrator or safe schools resource officer, or the School Business Administrator/Board Secretary.

Criminal History Background Checks—N.J.S.A. 18A:6-7.1--Requirement
When applicable, the contracted service provider, shall provide to the school district prior to commencement of contract, evidence or proof that each employee assigned to provide services and that comes in **regular contact** with students, has had a criminal history background check, and furthermore, that said background check indicates that no criminal history record information exists on file for that worker. Failure to provide a proof of criminal history background check for any employee coming in regular contact with students, prior to commencement of contact, may be cause for breach of contract. See NJDOE Broadcast 9/9/19.

Pre-Employment Requirements
When applicable, all contracted service providers, whose employees have **regular contact with students**, shall comply with the Pre-Employment Requirements in accordance with New Jersey P.L. 2018 c.5, N.J.S.A. 18A:6-7.6 et seq. Contracted service providers are to review the following New Jersey Department of Education Office of Student Protection—Pre-Employment Resource P.L. 2018 c.5 link below for guidance and compliance procedures.

https://www.nj.gov/education/crimhist/preemployment/

Name of Company _____

Name of Authorized Representative _____
Signature _____ Date _____

RETURN WITH BID

Educational Services Commission of New Jersey
Business Office
1660 Stelton Road, Floor 2
Piscataway, New Jersey 08854

Chapter 271
Political Contribution Disclosure Form

(Contracts that Exceed $17,500.00)

Ref. N.J.S.A. 19:44A-20.26

The undersigned, being authorized and knowledgeable of the circumstances, does hereby certify that _____(Business Entity) has made the following **reportable** political contributions to any elected official, political candidate or any political committee as defined in N.J.S.A. 19:44-20.26 during the twelve (12) months preceding this award of contract:

Reportable Contributions

Date of Contribution	Amount of Contribution	Name of Recipient Elected Official/ Committee/Candidate	Name of Contributor

The Business Entity may attach additional pages if needed.

_____

☐ **No Reportable Contributions** (Please check (✓) if applicable.)

I certify that _____ (Business Entity) made no reportable contributions to any elected official, political candidate or any political committee as defined in N.J.S.A. 19:44-20.26.

Certification

I certify that the information provided above is in full compliance with Public law 2005 – Chapter 271.

Name of Authorized Agent _____

Signature _____ Title _____

Business Entity _____

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Contractor Instructions

Business entities (contractors) receiving contracts from a public agency that are NOT awarded pursuant to a "fair and open" process (defined at N.J.S.A. 19:44A-20.7) are subject to the provisions of P.L. 2005, c. 271, s. 2 (N.J.S.A. 19:44A-20.26). This law provides that 10 days prior to the award of such a contract, the contractor shall disclose contributions to:

- any State, county, or municipal committee of a political party
- any legislative leadership committee*[2]
- any continuing political committee (a.k.a., political action committee)
- any candidate committee of a candidate for, or holder of, an elective office:
    - of the public entity awarding the contract
    - of that county in which that public entity is located
    - of another public entity within that county
    - or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county

The disclosure must list reportable contributions to any of the committees that exceed $300 per election cycle that were made during the 12 months prior to award of the contract. See N.J.S.A. 19:44A-8 and 19:44A-16 for more details on reportable contributions.

N.J.S.A. 19:44A-20.26 itemizes the parties from whom contributions must be disclosed when a business entity is not a natural person. This includes the following:

- individuals with an "interest" ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit
- all principals, partners, officers, or directors of the business entity or their spouses
- any subsidiaries directly or indirectly controlled by the business entity
- IRS Code Section 527 New Jersey based organizations, directly or indirectly controlled by the business entity and filing as continuing political committees, (PACs)

When the business entity is a natural person, "a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity." [N.J.S.A. 19:44A-20.26(b)]. The contributor must be listed on the disclosure.

Any business entity that fails to comply with the disclosure provisions shall be subject to a fine imposed by ELEC in an amount to be determined by the Commission which may be based upon the amount that the business entity failed to report.

The enclosed list of agencies is provided to assist the contractor in identifying those public agencies whose elected official and/or candidate campaign committees are affected by the disclosure requirement. It is the contractor's responsibility to identify the specific committees to which contributions may have been made and need to be disclosed. The disclosed information may exceed the minimum requirement.

The enclosed form, a content-consistent facsimile, or an electronic data file containing the required details (along with a signed over sheet) may be used as the contractor's submission and is disclosable to the public under the Open Public Records Act.

The contractor must also complete the attached Stockholder Disclosure Certification. This will assist the agency in meeting its obligations under the law. **NOTE: This section does not apply to Board of Education contracts.**

[2] N.J.S.A. 19:44A-3(s): "The term "legislative leadership committee" means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker of the General Assembly or the Minority Leader of the General Assembly pursuant to section 16 of P.L. 1993, c. 65 (C. 19:44A-10.1) for the purpose of receiving contributions and making expenditures."

P.L. 2005, c. 271

(Unofficial version, Assembly Committee Substitute to A-3013, First Reprint*)

AN ACT authorizing units of local government to impose limits on political contributions by contractors and supplementing Title 40A of the New Jersey Statutes and Title 19 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

40A:11-51 1. a. A county, municipality, independent authority, board of education, or fire district is hereby authorized to establish by ordinance, resolution or regulation, as may be appropriate, measures limiting the awarding of public contracts there from to business entities that have made a contribution pursuant to P.L. 1973, c. 83 (C. 19:44A-1 et seq.) and limiting the contributions that the holders of a contract can make during the term of a contract, notwithstanding the provisions and parameters of sections 1 through 12 of P.L. 2004, c. 19 (C. 19:44A-20.2 et al.) and section 22 of P.L. 1973, c. 83 (C. 19:44A-22).

b. The provisions of P.L. 2004, c. 19 shall not be construed to supersede or preempt any ordinance, resolution or regulation of a unit of local government that limits political contributions by business entities performing or seeking to perform government contracts. Any ordinance, resolution or regulation in effect on the effective date of P.L. 2004, c. 19 shall remain in effect and those adopted after that effective date shall be valid and enforceable.

c. An ordinance, resolution or regulation adopted or promulgated as provided in this section shall be filed with the Secretary of State.

19:44A-20.26 2. a. Not later than 10 days prior to entering into any contract having an anticipated value in excess of $17,500, except for a contract that is required by law to be publicly advertised for bids, a State agency, county, municipality, independent authority, board of education, or fire district shall require any business entity bidding thereon or negotiating therefor, to submit along with its bid or price quote, a list of political contributions as set forth in this subsection that are reportable by the recipient pursuant to the provisions of P.L. 1973, c. 83 (C.19:44A-1 et seq.) and that were made by the business entity during the preceding 12 month period, along with the date and amount of each contribution and the name of the recipient of each contribution. A business entity contracting with a State agency shall disclose contributions to any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or any continuing political committee. A business entity contracting with a county, municipality, independent authority, other than an independent authority that is a State agency, board of education, or fire district shall disclose contributions to: any State, county, or municipal committee of a political party; any legislative leadership committee; or any candidate committee of a candidate for, or holder of, and elective office of that public entity, of that county in which that public entity is located, of another public entity within that county, or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county, or any continuing political committee.

The provisions of this section shall not apply to a contract when a public emergency requires the immediate delivery of goods or services.

b. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

c. As used in this section:
"business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction;

"interest" means the ownership or control of more than 10% of the profits or assets of a business entity of 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate; and

"State agency" means any of the principal departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other instrumentality within or created by such department, the Legislature of the State and any office,

board, bureau or commission within or created by the Legislative Branch, and any independent State authority, commission, instrumentality or agency.

d. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

19:44A-20.13 3. a. Any business entity making a contribution of money or any other thing of value, including an in-kind contribution, or pledge to make a contribution of any kind to a candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, or to a political party committee, legislative leadership committee, political committee or continuing political committee, which has received in any calendar year $50,000 or more in the aggregate through agreements or contracts with a public entity, shall file an annual disclosure statement with the New Jersey Election Law Enforcement Commission, established pursuant to section 5 of P.L. 1973, c. 83 (C. 19:44A-5), setting forth all such contributions made by the business entity during the 12 months prior to the reporting deadline.

b. The commission shall prescribe forms and procedures for the reporting required in subsection a. of this section which shall include, but not be limited to:

(3) the name and mailing address of the business entity making the contribution, and the amount contributed during the 12 months prior to the reporting deadline;

(4) the name of the candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, candidate committee, joint candidates committee, political party committee, legislative leadership committee, political committee or continuing political committee receiving the contribution; and

(4) the amount of money the business entity received from the public entity through contract or agreement, the dates, and information identifying each contract or agreement and describing the goods, services or equipment provided or property sold.

c. The commission shall maintain a list of such reports for public inspection both at its office and through its Internet site.

d. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity, or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

As used in this section:

"Business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction; and

"Interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate.

e. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

4. This act shall take effect immediately.

*Note: Bold italicized statutory references of new sections are anticipated and not final as of the time this document was prepared. Statutory compilations of N.J.S.A. 18A:18A-51 is anticipated to show a reference to N.J.S.A. 40:11-51 and to N.J.S.A. 19:44A-20.26.

STATE OF NEW JERSEY - RETURN WITH BID
DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

PART 1: CERTIFICATION
BIDDERS MUST COMPLETE PART 1 BY CHECKING EITHER BOX.

Part 1
FAILURE TO CHECK EITHER BOX WILL RENDER THE PROPOSAL NON-RESPONSIVE.

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf. Bidders **must** review this list prior to completing the below certification. **Failure to complete the certification will render a bidder's proposal non-responsive**. If the Director finds a person or entity to be in violation of law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

PLEASE CHECK THE APPROPRIATE BOX:

☐ **I certify, pursuant to Public Law 2012, c. 25, that neither the person/entity listed above nor any of the entity's parents, subsidiaries, or affiliates is listed** on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. **I will skip Part 2 and sign and complete the Certification below.**

OR

☐ **I am unable to certify as above because I or the bidding entity and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below**. Failure to provide such will result in the proposal being rendered as non-responsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

Part 2
PLEASE PROVIDE FURTHER INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

You must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes below.

PROVIDE INFORMATION RELATIVE TO THE ABOVE QUESTIONS. PLEASE PROVIDE THOROUGH ANSWERS TO EACH QUESTION. IF YOU NEED TO MAKE ADDITIONAL ENTRIES, USE ADDITIONAL PAGES

Name:_____
Relationship to Bidder/Vendor:_____
Description of Activities:_____
_____
Duration of Engagement:_____Anticipated Cessation Date_____
Bidder/Vendor_____

Contact Name:_____Contact Phone Number:_____

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I attest that I am authorized to execute this certification on behalf of the below-referenced person or entity. I acknowledge that the Educational Services Commission of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of contracts with the Educational Services Commission of New Jersey to notify the Educational Services Commission of New Jersey in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreements(s) with the Educational Services Commission of New Jersey and that the Educational Services Commission of New Jersey at its option may declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): _____Signature: _____

Title: _____Date: _____
Bidder/Vendor: _____

Statement of Suspension or Debarment - RETURN WITH BID

STATE OF NEW JERSEY/ _____
Specify, of other

COUNTY OF _____

I, _____ of the (City, Town, Borough)

of _____ State of _____ of full age,

being duly sworn according to law on my oath depose and say that:

I am _____ of the firm

of _____ the Bidder

making the Proposal for the above named projects, and that I executed the said Proposal with full authority to do so; that said Bidder is not at the time of the making this bid included on the New Jersey State Treasurer's or the Federal Government's List of Debarred, Suspended or Disqualified Bidders or the State Department of Labor and Workforce Development; Prevailing Wage Debarment List as a result of action taken by any State or Federal Agency.

Name of Contractor: _____
(Company Name)

By: _____
(Signature of authorized representative)

Subscribed and sworn to before me

This_____ day of _____, 20 ____

_____
(Seal) Notary Public of New Jersey/
Specify Other State

My Commission expires_____ 20 ___

STATEMENT OF OWNERSHIP DISCLOSURE - RETURN WITH BID

N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

This statement shall be completed, certified to, and included with all bid and proposal submissions. Failure to submit the required information is cause for automatic rejection of the bid or proposal.

Name of Organization: _____
Organization Address: _____
City, State, ZIP: _____

Part I Check the box that represents the type of business organization:

☐ Sole Proprietorship (skip Parts II and III, execute certification in Part IV)

☐ Non-Profit Corporation (skip Parts II and III, execute certification in Part IV)

☐ For-Profit Corporation (any type) ☐ Limited Liability Company (LLC)

☐ Partnership ☐ Limited Partnership ☐ Limited Liability Partnership (LLP)

☐ Other (be specific): _____

Part II Check the appropriate box

☐ The list below contains the names and addresses of all stockholders in the corporation who own 10 percent or more of its stock, of any class, or of all individual partners in the partnership who own a 10 percent or greater interest therein, or of all members in the limited liability company who own a 10 percent or greater interest therein, as the case may be. (**COMPLETE THE LIST BELOW IN THIS SECTION**)

OR

☐ No one stockholder in the corporation owns 10 percent or more of its stock, of any class, or no individual partner in the partnership owns a 10 percent or greater interest therein, or no member in the limited liability company owns a 10 percent or greater interest therein, as the case may be. (**SKIP TO PART IV**)

STATEMENT OF OWNERSHIP DISCLOSURE – continued - RETURN WITH BID

N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

(Please attach additional sheets if more space is needed):

Name of Individual or Business Entity	Home Address (for Individuals) or Business Address

Part III DISCLOSURE OF 10% OR GREATER OWNERSHIP IN THE STOCKHOLDERS, PARTNERS OR LLC MEMBERS LISTED IN PART II

If a bidder has a direct or indirect parent entity which is publicly traded, and any person holds a 10 percent or greater beneficial interest in the publicly traded parent entity as of the last annual federal Security and Exchange Commission (SEC) or foreign equivalent filing, ownership disclosure can be met by providing links to the website(s) containing the last annual filing(s) with the federal Securities and Exchange Commission (or foreign equivalent) that contain the name and address of each person holding a 10% or greater beneficial interest in the publicly traded parent entity, along with the relevant page numbers of the filing(s) that contain the information on each such person. **Attach additional sheets if more space is needed**.

Website (URL) containing the last annual SEC (or foreign equivalent) filing	Page #'s

Please list the names and addresses of each stockholder, partner or member owning a 10 percent or greater interest in any corresponding corporation, partnership and/or limited liability company (LLC) listed in Part II **other than for any publicly traded parent entities referenced above**. The disclosure shall be continued until names and addresses of every non-corporate stockholder, and individual partner, and member exceeding the 10 percent ownership criteria established pursuant to N.J.S.A. 52:25-24.2 has been listed. **Attach additional sheets if more space is needed.**

Stockholder/Partner/Member and Corresponding Entity Listed in Part II	Home Address (for Individuals) or Business Address

STATEMENT OF OWNERSHIP DISCLOSURE – continued - RETURN WITH BID

N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

Part IV Certification

I, being duly sworn upon my oath, hereby represent that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge: that I am authorized to execute this certification on behalf of the bidder/proposer; that the ***ESCNJ and/or its members*** is relying on the information contained herein and that I am under a continuing obligation from the date of this certification through the completion of any contracts with the ***ESCNJ and/or its members*** to notify the ***ESCNJ and/or its members*** in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I am subject to criminal prosecution under the law and that it

will constitute a material breach of my agreement(s) with the, permitting the ***ESCNJ and/or its members*** to declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print):		Title:	
Signature:		Date:	

This statement shall be completed, certified to, and included with all bid and proposal submissions. Failure to submit the required information is cause for automatic rejection of the bid or proposal.

CERTIFICATE OF AUTHORITY - RETURN WITH BID

All bidders are to submit their Sworn Contractor Certification, a current valid "Certificate of Authority" as issued by the New Jersey Department of Treasury. Reference—N.J.S.A. 18A:7G-37.

Sample Certificate of Authority

STATE OF NEW JERSEY
Certificate of Authority
DIVISION OF TAXATION
TRENTON, N J 08695
The person, partnership or corporation named below is hereby authorized to collect
NEW JERSEY SALES & USE TAX
pursuant to N.J.S.A. [redacted]
This authorization is good ONLY for the named person at the location specified herein.
This authorization is null and void if any change of ownership or address is effected.
Acting Director, Division of Taxation
[redacted]
Tax Registration No. [redacted]
Tax Effective Date 10-15-10
Document Locator No. [redacted]
Date Issued 10-14-10
This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

CHANGE ORDERS (N.J.A.C. 6A:26-4.9, 4.10 et seq.) (N.J.A.C. 5:30-11.1 et seq.)

Co-op member Approval Required; Prior to Issuance of Change Order (N.J.A.C. 5:30-11.2)

Change orders may be approved by the Co-op member in an amount up to twenty percent (20%) when necessitated by one of the following:

- Emergencies consistent with N.J.S.A. 18A:18A-7;
- Unforeseeable physical conditions; or
- Minor modifications to the project/scope that achieve cost savings, improve service or resolve construction conditions.

Division of Finance (NJDOE) Approval

All other change orders shall be approved by the Division of Finance (NJDOE) when extraordinary circumstances exist such as:

- Change order amounts greater than twenty percent (20%);
- Change orders that eliminate or affect the project scope; or
- Change orders that affect the number, size, configuration, location or use of co-op member spaces.

All contractors are prohibited to perform any change order unless so directed in writing by the Co-op member.

CONTRACTOR TRADE LICENSES - RETURN WITH BID

All bidders are to submit with their proposal all current, valid contractor or trade licenses as issued by the New Jersey Division of Consumer Affairs, for any trade or specialty area the contractor seeks to perform work for this particular proposal.

Sample Contractor Trade License

CONTRACTOR'S REGISTRATION EVIDENCE —"Public Works Contractor Registration Act"

A. Valid Certificate – Receipt of Bid

All Contractors must adhere to the provisions of the Public Works Contractor Registration Act - N.J.S.A. 34:11-56.48 et. seq. The PWCRA requires that "*No contractor shall bid on any contract for public work as defined in N.J.S.A.34:11-56.26 unless the contractor is registered pursuant to this act.*" The law requires that all contractors and sub-contractors named in the proposal possess a valid certificate at the time the proposal is received by the contracting unit, in this case the ESCNJ.

B. Submission of Certificate – Receipt of Bid; Prior to Award--Mandatory

All bidders are requested to submit with the bid package or prior to the award of contract, a current Public Works Contractor Registration Certificate that was issued prior to the receipt of the bid.

The vendor(s) who is deemed to receive the contract award must submit a copy of the current New Jersey Department of Labor and Workforce Development Public Works Contractor Registration Certificate, and if applicable, copies of certifications of all listed subcontractors, prior to the award of contract. **If the successful vendor fails to provide copies of certificates prior to the award of contract, the bid shall be rejected as non-responsive.**

For more information contact:

Contractor Registration Unit
Division of Wage and Hour Compliance
New Jersey Department of Labor & Workforce Development
PO Box 389
Trenton, New Jersey 08625-0389
Tel: 609-292-9464
Fax: 609-633-8591
E-mail: wage.hour@dol.nj.gov
Web site: lwd.dol.state.nj.us/labor/wagehour/content/contact_us.html

PRE-QUALIFICATION OF BIDDERS

A. **DPMC Prequalification--** Pursuant to N.J.S.A. 18A:18A-26, 27 et seq., all Bidders on any contract for public works which the entire cost of the contract exceeds $20,000, must be pre-qualified by the Department of Treasury, Division of Property Management and Construction, as to charter and amount of public work on which they may submit bids. No person shall be qualified to bid on any public work contract with the Commission if he has not submitted a statement to the Department of Treasury, Division of Property Management and Construction which fully develops the financial ability, adequacy of plant and equipment, organization and prior experience of the prospective bidder, and such other pertinent and material facts, within a period of one year preceding the date of opening of the bids for such contract.

NJSDA Prequalification---Pursuant to N.J.S.A. 18A:7G-33, all contractors bidding on any contract for a School Facilities Project as defined in N.J.A.C. 6A:26-1.2, shall be prequalified with the New Jersey School Development Authority in the major construction trades listed in N.J.S.A. 18A:7G-33. Bidders will have to submit a Sworn Contractor Certification attesting to the NJSDA prequalification. Named subcontractors shall also be pre-qualified with the NJSDA—N.J.A.C. 6A:26-4.7 (b) (3).

Maintenance Projects—Contractors are reminded that maintenance projects solely to achieve the design life of a school facility and routine maintenance do not constitute a school facility project and therefor NJSDA prequalification is not a requirement. Reference N.J.A.C. 6A:26-1.2002E

B. **Prequalification Affidavit--No Material Adverse Change**

Every pre-qualified Bidder must submit with his proposal, a notarized affidavit setting forth the type of work and the amount of work for which he has been qualified, that there has been no material adverse change in his qualification information, the total amount of completed work on contracts at the time and date of the classification. **Any bid not including a copy of this affidavit shall be rejected as being non-responsive to bid requirements.** (N.J.S.A. 18A:18A-32)

C. Bidders shall furnish satisfactory evidence that he and his subcontractors have sufficient means and experience in the type of work to complete the project in accordance with the bid specifications. A subcontractor listing and bidder's personnel and experience sheet shall be submitted to the ESCNJ as part of the bidding documents. Where the Bidder intends to subcontract any portion of the project, the cost of which will exceed $20,000.00, the sub-contractor shall be pre-qualified to perform the work and the bidder shall submit the requisite documentation pertaining to the sub-contractor in accordance with Paragraphs A and B above. The ESCNJ may make such additional investigations as it deems necessary to determine the ability, competence and financial responsibility of the bidder to perform their work. The bidder shall furnish the ESCNJ with the information and data for this purpose upon request. The ESCNJ reserves the right to reject any bid if the information fails to establish to the ESCNJ's satisfaction that the bidder is properly qualified to carry out the obligations of the contract and to complete the work contemplated here.

D. **Notice of Classification--**(For Contracts Exceeding $20,000) N.J.S.A. 18A:18A-26 et seq., N.J.S.A. 52:35-1 et seq.
Each Bidder shall submit with his/her bid a copy of a valid and active Notice of Classification letter issued by the Department of Treasury, Division of Property Management and Construction as appropriate to the nature of the bid. **Any bid submitted to the ESCNJ under the terms of New Jersey Statutes not including a copy of a valid and active classification letter shall be rejected as being non-responsive to bid requirements.**

"The Co-op member, through its authorized agent, shall upon completion of the contract report to the State agency listed on the pre-qualification/classification letter as to the contractor's performance and shall furnish such report from time to time during performance if the contractor is then in default".

E. **Uncompleted Contracts--**(For Contracts Exceeding $20,000) - N.J.A.C. 17:19-2.13(a)
The ESCNJ also requires that each bidder submit with his bid a certified Total Amount of Uncompleted Contracts form as prescribed by code. (Form DPMC 701). **Failure to submit this document will result in the rejection of the bid as being non-responsive.**

PREVAILING WAGES: CONSTRUCTION, ALTERATIONS, REPAIRS
The State of New Jersey Prevailing Wage Act, Chapter 150 Laws of 1963 with applicable wage rates by County as published by the Department of Labor and Workforce Development in conformance with N.J.S.A. 34:11-56:25, is hereby made a part of these Contract Documents. Copies of these wage rates may be obtained from the State Department of Labor and Workforce Development, and/or viewed at http://lwd.dol.state.nj.us/, the Prevailing Wages Determination Section.

- **Compliance with New Jersey Prevailing Wage Act**

Every contractor and subcontractor performing services in connection with this project, shall pay all workers a wage rate not less than the published prevailing wage rates, for the locality the work is being performed, as designated by the New Jersey Department of Labor and Workforce Development.

- **Certified Payrolls**

Contractor agrees to submit to the Co-op member a certified payroll for each payroll period within ten (10) days of the payment of wages. Contractor further agrees that no payments will be made to the Contractor if certified payrolls are not received. It is the Contractor's responsibility to insure timely receipt by the district of certified payrolls.

- **Submission of Affidavit**

Before final payment, the contractor shall furnish the co-op member with an affidavit stating that all workers have been paid the prevailing rate of wages in accordance with State of New Jersey requirements. The contractor shall keep an accurate record showing the name, craft, or trade and actual hourly rate of wages paid to each workman employed by him in connection with this work. Upon request, the Contractor(s) and each Subcontractor shall file written statements certifying to the amounts then due and owing to any and all workmen for wages due on account of the work. The statements shall be verified by the oaths of the Contractor or Subcontractor, as the case may be.

- **Posting of Prevailing Wages**

The contractor shall post the prevailing wage rates for each craft and classification involved in the work, including the effective date of any changes thereof, in prominent and easily accessible places at the site of the work and in such place or places as used to pay workers their wages. (Reference 18A:7G-23 and N.J.S.A 34:11-56.32.)

- **Prevailing Wages Certification—Submission with Bid**

The bidder shall submit a Prevailing Wages Certification with its bid package.

- **Non-compliance Statement**

If it is found that any worker, employed by the contractor or any subcontractor covered by said contract, has been paid a rate of wages less than the prevailing wage required to be paid by such contract, the ESCNJ or co-op member may begin proceedings to terminate the contractor's or subcontractor's right to proceed with the work, or such part of the work as to which there has been a failure to pay required wages and to prosecute the work to completion or otherwise. The contractor and his sureties shall be liable for any excess costs occasioned thereby to the public body.

EQUIPMENT CERTIFICATION (N.J.S.A. 18A:18A-23)

Each Bidder shall provide a certification showing that he/she owns, leases or controls all the necessary equipment required by the specifications. If the Bidder is not the actual owner or lessee of any such equipment, he/she shall submit a certificate stating the source from which the equipment will be obtained and shall obtain a certificate from the owner and person in control of the equipment, definitely granting to the bidder the control of the equipment required during such time as may be necessary for the completion of that portion of the contract for which it is necessary.

The certificates are to be submitted with the bid. If the contract involves the installation of a manufactured system which requires the contractor to have special knowledge or training, or to be specifically certified by the manufacturer to install their system, this form is used to submit such required evidence of the bidder's approval from the manufacturer.

SUBCONTRACTING: ASSIGNMENT OF CONTRACT - RETURN WITH BID

Contractors, services providers, and all vendors with whom the ESCNJ has an executed contract, may not subcontract any part of any work done or assign any part of the contract for goods or materials for ESCNJ and Co-op members without first receiving written permission from the ESCNJ. Awarded vendors may add additional subcontractors after submitting the proper paperwork and upon approval from the ESCNJ. Under no condition will any work specified be subcontracted without the ESCNJ's prior written approval. **Failure to adhere to this requirement may result in revocation of a contract.**

Contractors, service providers, and vendors using subcontractors assume all responsibility for work performed by subcontractors. The ESCNJ must approve all subcontractors and will require the following documents to be secured from all approved subcontractors:

-Affirmative Action Evidence – Construction type contracts
-Americans with Disabilities Act of 1990
-Assurance of Compliance
-Certificate of Authority
-Certifications and Licenses as applicable
-Contractor's Registration Certificate (Public Works)
-Disclosure of Investment Activities in Iran
-Equipment Certification
-Insurance Certificate as outlined in the bid specifications;
-New Jersey Business Registration Certificate
-New Jersey School Development Authority Prequalification
-Notice of Classification Form (DPMC)
-Political Contribution Disclosure Form
- Prequalification Affidavit--No Material Adverse Change
-Prevailing Wages Compliance Certification
-Statement of Ownership (Ownership Disclosure Certification)
-Statement of Suspension or Debarment
-Subcontracting Assignments
-Sworn Contractor's Disclosure
-Total Amount of Uncompleted Contractor's Form—Certified (Form DPMC 701)
-Written certification that the subcontractor shall adhere to prevailing wages as provided through New Jersey State Law.

SUBCONTRACTING: ASSIGNMENT OF CONTRACT-continued

In cases of subcontracting, the Co-op member shall only pay the prime contractor. It is the sole responsibility of the prime contractor to ensure that all subcontractors are paid. The Co-op member shall not be responsible for payments to subcontractors and shall be held harmless against any or all claims generated against prime contractors for nonpayment to subcontractors. Transportation carriers hired by the vendor to deliver goods and materials are not considered to be subcontractors. All vendors are responsible for submitting subcontractor documentation.

Penalties – Unauthorized Subcontractors

The Co-op member may deduct the amount of $1,000.00 (one thousand dollars) per day as a penalty, for each day a prime contractor uses a subcontractor without first receiving **written** permission as required.

Subcontractor Disclosure Statement

If the bidder intends to subcontract any work, please submit the completed **Subcontractor Disclosure Statement found in this bid document.**

SWORN CONTRACTOR CERTIFICATION – (Bidder's Certification)

Pursuant to N.J.S.A. 18A:7G-37, a pre-qualified contractor seeking to bid school facilities projects, and any subcontractors, that are required to be named under N.J.S.A. 18A:7G-1 et seq. shall, as a condition of bidding, submit this Sworn Contractor Certification regarding qualifications and credentials. **Failure to complete, sign and submit the certification may lead to the bid being rejected.**

AFFIRMATIVE ACTION—Construction Contracts—Acknowledgement - RETURN WITH BID

The undersigned acknowledges and agrees to comply with the following:

AFFIRMATIVE ACTION—EQUAL EMPLOYMENT OPPORTUNITY IN PUBLIC CONTRACTS—EEO

The construction contractor shall complete and submit an Initial Project Workforce Report, **Form AA-201** listing their entire work force and all employees that may be used for any jobs under this ESCNJ Co-op contract with their bid submission. Proper completion and submission of this Report shall constitute evidence of the contractor's compliance with the regulations. Failure to submit this form may result in the contract being terminated. The awarded contractor(s) shall also complete and submit an Initial Project Workforce Report, **Form AA-201** to the owner before the start of any job entered into under this contract. The contractor also agrees to submit a copy of the Monthly Project Workforce Report, Form AA-202 once a month thereafter for the duration of the contract to the Department of Labor Workforce and Development and to the owner's Public Agency Compliance Officer.

All bidders should familiarize themselves with N.J.S.A. 10:5-31 et seq. and N.J.A.C. 17:27-1.1 et seq. MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE—EXHIBIT B. If awarded a contract, your company/firm will be required to comply with the above requirements.

Contractors and vendors are to familiarize themselves with the following document:

Vendor/Contractor Guidelines for Awarded Public Contracts

The document may be obtained from the New Jersey Division of Purchase and Property, Contract Compliance and Audit Unit, Equal Employment Opportunity (EEO) Program website or by visiting the following link:

https://www.nj.gov/treasury/contract_compliance/

Name of Company _____

Address _____ P.O. Box _____

City, State, Zip Code _____

Name of Authorized Representative _____

Signature _____ Date _____

EXHIBIT B - RETURN WITH BID
MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
N.J.S.A. 10:5-31 et seq. (P.L.1975, c.127)
N.J.A.C. 17:27-1.1 et seq.
CONSTRUCTION CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer, pursuant to N.J.S.A. 10:5-31et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

When hiring or scheduling workers in each construction trade, the contractor or subcontractor agrees to make good faith efforts to employ minority and women workers in each construction trade consistent with the targeted employment goal prescribed by N.J.A.C. l7:27-7.2; provided, however, that the Dept. of LWD, Construction EEO Monitoring Program, may, in its discretion, exempt a contractor or subcontractor from compliance with the good faith procedures prescribed by the following provisions, A, B, and C, as long as the Dept. of LWD, Construction EEO Monitoring Program is satisfied that the contractor or subcontractor is employing workers provided by a union which provides evidence, in accordance with standards prescribed by the Dept. of LWD, Construction EEO Monitoring Program, that its percentage of active "card carrying" members who are minority and women workers is equal to or greater than the targeted employment goal established in accordance with N.J.A.C. 17:27-7.2. The contractor or subcontractor agrees that a good faith effort shall include compliance with the following procedures:

(A) If the contractor or subcontractor has a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor shall, within three business days of the contract award, seek assurances from the union that it will cooperate with the contractor or subcontractor as it fulfills its affirmative action obligations under this contract and in accordance with the rules promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et. seq., as supplemented and amended from time to time and the Americans with Disabilities Act. If the contractor or subcontractor is unable to obtain said assurances from the construction trade union at least five business days prior to the commencement of construction work, the contractor or subcontractor agrees to afford equal employment opportunities minority and women workers directly, consistent with this chapter. If the contractor's or subcontractor's prior experience with a construction trade union, regardless of whether the union has provided said assurances, indicates a significant possibility that the trade union will not refer sufficient minority and women workers consistent with affording equal employment opportunities as specified in this chapter, the contractor or subcontractor agrees to be prepared to provide such opportunities to minority and women workers directly, consistent with this chapter, by complying with the hiring or scheduling procedures prescribed under (B) below; and the contractor or subcontractor further agrees to take said action immediately if it determines that the union is not referring minority and women workers consistent with the equal employment opportunity goals set forth in this chapter.

(B)

(C) EXHIBIT B - RETURN WITH BID
(D) MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
(E) N.J.S.A. 10:5-31 et seq. (P.L.1975, c.127)
(F) N.J.A.C. 17:27-1.1 et seq.
(G) CONSTRUCTION CONTRACTS-continued

(B) If good faith efforts to meet targeted employment goals have not or cannot be met for each construction trade by adhering to the procedures of (A) above, or if the contractor does not have a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor agrees to take the following actions:

(1) To notify the public agency compliance officer, the Dept. of LWD, Construction EEO Monitoring Program, and minority and women referral organizations listed by the Division pursuant to N.J.A.C. 17:27-5.3, of its workforce needs, and request referral of minority and women workers;

(2) To notify any minority and women workers who have been listed with it as awaiting available vacancies;
EXHIBIT B (Continued)

(3) Prior to commencement of work, to request that the local construction trade union refer minority and women workers to fill job openings, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade;

(4) To leave standing requests for additional referral to minority and women workers with the local construction trade union, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade, the State Training and Employment Service and other approved referral sources in the area;

(5) If it is necessary to lay off some of the workers in a given trade on the construction site, layoffs shall be conducted in compliance with the equal employment opportunity and nondiscrimination standards set forth in this regulation, as well as with applicable Federal and State court decisions;

(6) To adhere to the following procedure when minority and women workers apply or are referred to the contractor or subcontractor:
:
(i) The contactor or subcontractor shall interview the referred minority or women worker.

(ii) If said individuals have never previously received any document or certification signifying a level of qualification lower than that required in order to perform the work of the construction trade, the contractor or subcontractor shall in good faith determine the qualifications of such individuals. The contractor or subcontractor shall hire or schedule those individuals who satisfy appropriate qualification standards in conformity with the equal employment opportunity and non-discrimination principles set forth in this chapter. However, a contractor or subcontractor shall determine that the individual at least possesses the requisite skills, and experience recognized by a union, apprentice program or a referral agency, provided the referral agency is acceptable to the Dept. of LWD, Construction EEO Monitoring Program. If necessary, the contractor or subcontractor shall hire or schedule minority and women workers who qualify as trainees pursuant to these rules. All of the requirements, however, are limited by the provisions of (C) below.

(iii) The name of any interested women or minority individual shall be maintained on a waiting list, and shall be considered for employment as described in above, whenever vacancies occur. At the request of the Dept. of LWD, Construction EEO Monitoring Program, the contractor or subcontractor shall provide evidence of its good faith efforts to employ women and minorities from the list to fill vacancies.

(iv) If, for any reason, said contractor or subcontractor determines that a minority individual or a woman is not qualified or if the individual qualifies as an advanced trainee or apprentice, the contractor or subcontractor shall inform the individual in writing of the reasons for the determination, maintain a copy of the determination in its files, and send a copy to the public agency compliance officer and to the Dept. of LWD, Construction EEO Monitoring Program.

(7) To keep a complete and accurate record of all requests made for the referral of workers in any trade covered by the contract, on forms made available by the Dept. of LWD, Construction EEO Monitoring Program and submitted promptly to the Dept. of LWD, Construction EEO Monitoring Program upon request.

(C) The contractor or subcontractor agrees that nothing contained in (B) above shall preclude the contractor or subcontractor from complying with the union hiring hall or apprenticeship policies in any applicable collective bargaining agreement or union hiring hall arrangement, and, where required by custom or agreement, it shall send journeymen and

trainees to the union for referral, or to the apprenticeship program for admission, pursuant to such agreement or arrangement. However, where the practices of a union or apprenticeship program will result in the exclusion of minorities and women or the failure to refer minorities and women consistent with the targeted county employment goal, the contractor or subcontractor shall consider for employment persons referred pursuant to (B) above without regard to such agreement or arrangement; provided further, however, that the contractor or subcontractor shall not be required to employ women and minority advanced trainees and trainees in numbers which result in the employment of advanced trainees and trainees as a percentage of the total workforce for the construction trade, which percentage significantly exceeds the apprentice to journey worker ratio specified in the applicable collective bargaining agreement, or in the absence of a collective bargaining agreement, exceeds the ratio established by practice in the area for said construction trade. Also, the contractor or subcontractor agrees that, in implementing the procedures of (B) above, it shall, where applicable, employ minority and women workers residing within the geographical jurisdiction of the union.

After notification of award, but prior to signing a construction contract, the contractor shall submit to the public agency compliance officer and the Dept. of LWD, Construction EEO Monitoring Program an initial project workforce report (Form AA-201) electronically provided to the public agency by the Dept. of LWD, Construction EEO Monitoring Program, through its website, for distribution to and completion by the contractor, in accordance with N.J.A.C. 17:27-7. The contractor also agrees to submit a copy of the Monthly Project Workforce Report once a month thereafter for the duration of this contract to the Dept. of LWD, Construction EEO Monitoring Program, and to the public agency compliance officer. The contractor agrees to cooperate with the public agency in the payment of budgeted funds, as is necessary, for on-the-job and/or off-the job programs for outreach and training of minorities and women.

(D) The contractor and its subcontractors shall furnish such reports or other documents to the Dept. of LWD, Construction EEO Monitoring Program as may be requested by the Dept. of LWD, Construction EEO Monitoring Program from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Dept. of LWD, Construction EEO Monitoring Program for conducting a compliance investigation pursuant to N.J.A.C. 17:27-1.1 et seq. (Revised: January, 2016)

Company _____

Signature _____

Name _____
Title _____

Sample-AA201

Official Use Only

Assignment

Code

STATE OF NEW JERSEY

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
CONSTRUCTION EEO COMPLIANCE MONITORING PROGRAM

FORM AA-201
Revised 11/11

INITIAL PROJECT WORKFORCE REPORT CONSTRUCTION

For instructions on completing the form, go to: http://www.state.nj.us/treasury/contract_compliance/pdf/aa201ins.pdf

1. FID NUMBER

2. CONTRACTOR ID NUMBER

3. NAME AND ADDRESS OF PRIME CONTRACTOR

(Name)

(Street Address)

(City) (State) (Zip Code)

4. IS THIS COMPANY MINORITY OWNED [ ] OR WOMAN OWNED [ ]

5. NAME AND ADDRESS OF PUBLIC AGENCY AWARDING CONTRACT

Name:
Address:

CONTRACT NUMBER **DATE OF AWARD** **DOLLAR AMOUNT OF AWARD**

6. NAME AND ADDRESS OF PROJECT

Name:
Address:

7. PROJECT NUMBER

COUNTY

8. IS THIS PROJECT COVERED BY A PROJEC
LABOR AGREEMENT (PLA)? YES

9. TRADE OR CRAFT	PROJECTED TOTAL EMPLOYEES				PROJECTED MINORITY EMPLOYEES				PROJECTED PHASE - IN DATE	PROJECTED COMPLETION DATE
	MALE		FEMALE		MALE		FEMALE			
	J	AP	J	AP	J	AP	J	AP		
1. ASBESTOS WORKER										
2. BRICKLAYER OR MASON										
3. CARPENTER										
4. ELECTRICIAN										
5. GLAZIER										
6. HVAC MECHANIC										
7. IRONWORKER										
8. OPERATING ENGINEER										
9. PAINTER										
10. PLUMBER										
11. ROOFER										
12. SHEET METAL WORKER										
13. SPRINKLER FITTER										
14. STEAMFITTER										
15. SURVEYOR										
16. TILER										
17. TRUCK DRIVER										
18. LABORER										
19. OTHER										
20. OTHER										

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.

(Signature)

10. (Please Print Your Name) (Title)

(Area Code) (Telephone Number) (Ext.) (Date)

INSTRUCTIONS FOR COMPLETING THE INITIAL PROJECT WORKFORCE REPORT – CONSTRUCTION (AA201)

DO NOT COMPLETE THIS FORM FOR GOODS AND/OR SERVICE CONTRACTS

1. **Enter the Federal Identification Number assigned to the contractor by the Internal Revenue Service, or if a Federal Employer Identification Number has been applied for but not yet issued, or if your business is such that you have not or will not receive a Federal Identification Number, enter the social security number assigned to the single owner or one partner, in the case of a partnership.**

2. **Note: The Department of Labor & Workforce Development, Construction EEO Monitoring Program will assign a contractor ID number to your company. This number will be your permanently assigned contractor ID number that must be on all correspondence and reports submitted to this office.**

3. **Enter the prime contractor's name, address and zip code number.**

4. **Check box if Company is Minority Owned or Woman Owned**

5. **Enter the complete name and address of the Public Agency awarding the contract. Include the contract number, date of award and dollar amount of the contract.**

6. **Enter the name and address of the project, including the county in which the project is located.**

7. **Note: A project contract ID number will be assigned to your firm upon receipt of the completed Initial Project Workforce Report (AA201) for this contract. This number must be indicated on all correspondence and reports submitted to this office relating to this contract.**

8. **Check "Yes" or "No" to indicate whether a Project Labor Agreement (PLA) was established with the labor organization(s) for this project.**

9. **Under the Projected Total Number of Employees in each trade or craft and at each level of classification, enter the total composite workforce of the prime contractor and all subcontractors projected to work on the project. Under Projected Employees enter total minority and female employees of the prime contractor and all subcontractors projected to work on the project. Minority employees include Black, Hispanic, American Indian and Asian, (J=Journey worker, AP=Apprentice). Include projected phase-in and completion dates.**

10. **Print or type the name of the company official or authorized Equal Employment Opportunity (EEO) official include signature and title, phone number and date the report is submitted.**

This report must be submitted to the Public Agency that awards the contract and the Department of Labor & Workforce Development, Construction EEO Compliance Monitoring Program after notification of award, but prior to signing the contract.

THE CONTRACTOR IS TO RETAIN A COPY AND SUBMIT COPY TO THE PUBLIC AGENCY AWARDING THE CONTRACT AND FORWARD A COPY TO:

NEW JERSEY DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
CONSTRUCTION EEO COMPLIANCE MONITORING UNIT
P.O. BOX 209
TRENTON, NJ 08625-0209
(609) 292-9550

EQUIPMENT CERTIFICATION - RETURN WITH BID

In accordance with N.J.S.A. 18A:18A-23, I hereby certify that

A) _____ owns all the necessary equipment as required by the
Name of Company
specifications and to complete the specified public work project.

or

B) _____leases or controls all the necessary equipment as required

Name of Company

by the specifications and to complete the specified public work project.

PLEASE NOTE: If your company is not the actual owner of the equipment, **you shall submit with the bid:**

1. A certificate stating the source from which the equipment will be obtained and

2. Obtain and submit with the bid a certificate from the owner and person in control of the equipment, definitely granting to the bidder the control of the equipment required during such time it may be necessary for the completion of that portion of the contract for which said equipment will be necessary.

Name of Company_____

Authorized Agent

Title_____

Authorized Signature_____

PRE-QUALIFICATION AFFIDAVIT—NO MATERIAL ADVERSE CHANGE - RETURN WITH BID

The below affidavit must be submitted with your bid for projects over $20,000.00 pursuant to N.J.S.A. 18A:18A-32:

I, _____ of the City of _____
in the County of _____ and the State of _____

of full age, being duly sworn according to law on my oath depose and say that:

No Material Adverse Change in Qualification

I am_____ *(Position in Company)*, and the bidder for the above named project. The answers to the following statements are true and correct and that there has been no material adverse change in the qualification information subsequent to the latest statement submitted as required (N.J.S.A. 18A:18A-32 et seq.) as amended, except as set forth herewith. I further certify that there is not now pending any litigation or other action that may jeopardize my rating, status or contract limits from their current limits.

Notice of Classification (DPMC 27)

_____ *(Name of Company)* is classified by the State of New Jersey pursuant to N.J.S.A. 52:35-1 et seq. This Classification became effective (Date).
Type of Contract/Trade Classified: _____

_____

Classification Approved Amount $_____
A copy of my valid and active prequalification/classification certificate from the Department of Treasury, Division of Property Management and Construction has been submitted with this bid.

Total Amount of Uncompleted Contracts (DPMC 701)

The total amount of uncompleted work is $_____ as of _____(Date).
A copy of the company's Total Amount of Uncompleted Contracts form is required to be submitted with the bid.

NJSDA Prequalification

The _____ (Name of Company), pursuant to N.J.S.A.18A:7G-33, is prequalified with the NJSDA on contracts for "school facilities" projects as defined by code. NJSDA prequalification is not a requirement for maintenance projects.

_____ _____
Signature of Authorized Representative **Date**

Sworn and subscribed to before me this _____ day of _____ in the Year __

_____ _____Notary Public of _____
Signature of Notary **Print Name of Notary**

My Commission Expires:_____ _____ _____ **SEAL**
Month Day Year

PREVAILING WAGES COMPLIANCE CERTIFICATION - RETURN WITH BID

It is the determination of the ESCNJ that this is a public works project that in total will exceed $2,000.00 (two thousand dollars), therefore prevailing wages rules and regulations apply as promulgated by the New Jersey Prevailing Wage Act and in conformance with N.J.S.A. 34:11-56:25 et seq.

CERTIFICATION

1. I certify that our company understands that this project of the ESCNJ or its Co-op members requires prevailing wages to be paid in full accordance with the law.

2. I further certify that all subcontractors named in this bid understand that this project requires the subcontractor to pay prevailing wages in full accordance with the law.

Non-compliance Statement

If it is found that any worker, employed by the contractor or any subcontractor covered by said contract, has been paid a rate of wages less than the prevailing wage required to be paid by such contract, the ESCNJ or its members may begin proceedings to terminate the contractor's or subcontractor's right to proceed with the work, or such part of the work as to which there has been a failure to pay required wages and to prosecute the work to completion or otherwise. The contractor and his sureties shall be liable for any excess costs occasioned thereby to the public body.

NOTIFICATION OF VIOLATIONS – New Jersey Department of Labor and Workforce Development

Has the bidder or any person having an "interest" with the bidder, been notified by the New Jersey Department of Labor and Workforce Development by notice issued pursuant to N.J.S.A. 34:11-56:37 that he/she has been in violation for failure to pay prevailing wages as required by the New Jersey Prevailing Wage Act within the last five (5) years?

* Yes _____ No _____

*If yes, please attach a signed document explaining any/or all administrative proceedings with the Department within the last five (5) years. Please include any pending administrative proceedings with the Department if any.

Submission of Certified Payroll Records

All certified payroll records are to be submitted to the member/person who is coordinating the activities for the project.

Name of Company: _____

Authorized Agent: _____

Title of Authorized Agent: _____

Authorized Signature: _____

SUBCONTRACTOR'S DISCLOSURE FORM - RETURN WITH BID

If the bidder **will** subcontract any part of their services /installation award, the bidder ***must*** do the following:

Provide the name, address and other pertinent information about the subcontractor;*

Please list subcontractor(s) here.

**Failure to identify the names and addresses of any subcontractors required to be named in the bid, or to submit the appropriate documents for each such subcontractor, may be cause for the bid to be rejected as being non-responsive.*

1. **Sub-Contractor for** _____

Name of Subcontracting Company_____

Address_____

City, State, Zip_____

Telephone_____Fax_____

E-Mail _____FEIN No_____

Authorized Agent _____ Title _____

Certification of Equipment

The_____hereby certifies the above named

Name of Bidding Company

subcontractor has the personnel, equipment, experience, financial and sufficient means to complete their portion of the contract in full accordance with the bid specifications.

_____ _____

Authorized Agent (Print)—Bidder ***Signature of Authorized Agent—Bidder***

Bidders may make extra copies of this page to list additional subcontractors and subcontractors may be added throughout the life of the bid after receiving approval from the ESCNJ.

SUBCONTRACTOR'S DISCLOSURE FORM *(Continued)* - **RETURN WITH BID**

If the bidder **will** subcontract any part of their services /installation award, the bidder ***must*** do the following:

Provide the name, address and other pertinent information about the subcontractor;*

Please list subcontractor(s) here.

**Failure to identify the names and addresses of any subcontractors required to be named in the bid, or to submit the appropriate documents for each such subcontractor, may be cause for the bid to be rejected as being non-responsive.*

1. Sub-Contractor for Other _____

Name of Subcontracting Company_____

Address_____

City, State, Zip_____

Telephone_____Fax_____

E-Mail _____FEIN No_____

Authorized Agent _____ Title _____

Certification of Equipment

The_____hereby certifies the above named

Name of Bidding Company

subcontractor has the personnel, equipment, experience, financial and sufficient means to complete their portion of the contract in full accordance with the bid specifications.

_____ _____

Authorized Agent (Print)—Bidder ***Signature of Authorized Agent—Bidder***

Bidders may make extra copies of this page to list additional subcontractors and subcontractors may be added throughout the life of the bid after receiving approval from the ESCNJ.

Sworn Contractor Certification; Qualifications and Credentials (Bidder's Certification) - RETURN WITH BID

Pursuant to N.J.S.A. 18A:7G-37, a pre-qualified contractor seeking to bid school facilities projects, and any subcontractors, that are required to be named under N.J.S.A. 18A:7G-1 et seq. shall, as a condition of bidding, submit this Sworn Contractor Certification regarding qualifications and credentials.

I_____ the principal owner or officer of the company certify that the forgoing statements are true and our firm has the following qualifications and credentials:

1. A current, valid certificate of registration issued pursuant to "The Public Works Contractor Registration Act," N.J.S.A. 34:11-56:48 et seq. A copy of which is submitted with its bid;

2. A current, valid Certificate of Authority to perform work in New Jersey issued by the Department of Treasury, a copy of which is submitted with its bid;

3. A current valid contractor trade license required under applicable New Jersey Law for any specialty trade or specialty area in which the firm seeks to perform work, a copy of which is submitted with its bid;

4. During the term of the project, I as principal owner or officer of the company or corporation, as contractor, will have in place a suitable quality control and quality assurance program and appropriate safety and health plan.

5. Certify that, at the time of bidding, the amount of the bid proposal and value of all of its outstanding incomplete contracts does not exceed the firm's existing aggregate rating limit.

Name of Company_____

Name of Owner or Officer_____

Signature of Owner or Officer_____

Notarized before me this _____ day of _____, _____
Month Year

_____ _____
NOTARY PUBLIC SIGNATURE **Print Name of Notary Public**

My commission expires _____ _____, _____
Month Day Year

-SEAL-

RETURN WITH BID

State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION
33 W. STATE STREET
PO BOX 034
TRENTON, NEW JERSEY 08625-0034

REPLY TO:
TEL: (609) 943-3400
FAX: (609) 292-7651

TOTAL AMOUNT OF UNCOMPLETED CONTRACTS

(This form is to be used with the NOTICE OF CLASSIFICATION when submitting bids to the ESCNJ.) I certify that the amount of uncompleted work on contracts is $_____.

The amount claimed includes uncompleted portions of all currently held contracts from all sources (public and private) in accordance with N.J.A.C. 17:19-2.13.

I further certify that the amount of this bid proposal, including all outstanding incomplete contracts does not exceed my prequalification dollar limit.

Affix corporate seal here

_____
Name of Firm

_____
Signature

_____
Title

_____

_____
Address

_____
Phone

Sworn to and Subscribed before me

This day ____ of _____ 20___
Notary Public

DPMC 701 (3/15)

Vendor Contact Form - RETURN WITH BID

This page should be included in your electronic file in Word format

so that we can copy and paste into our website.
Please do not handwrite the information; type it in.

If you are awarded a contract with the ESCNJ, we will post this contact sheet on our website for members to contact. Please complete and include with your bid package. List the individual(s) who will be best equipped to handle calls from our 1,300+ members and have knowledge of your award.

Bid	**Title of Bid: _____** **Bid #_____**
Vendor	
Representative	
Address	
Telephone #	
Fax #	
Email	
Website	

NEW JERSEY REQUIRED DOCUMENTS CHECKLIST – RETURN WITH BID			
1.	Affirmative Action Construction Contracts Acknowledgement **and** Total Work Force/Employee AA201	15.	NJ School Development Authority Prequalification
2.	Americans with Disabilities Act of 1990	16.	Non-Collusion Affidavit **Notarized and Sealed**
3.	Assurance of Compliance	17.	Pre-Qualification Affidavit (Projects over $20,000 in accordance with N.J.S.A. 18A:18A-26 et. seq.)
4.	Certificate of Authority	18.	Prevailing Wage Certification
5.	Certificate of Insurance with the Educational Services Commission of New Jersey named as the certificate holder with Bid Title and Bid # **(Upon award)**	19.	Request for Clarifications Form
6.	Chapter 271 Political Contribution Disclosure Form	20.	Respondent Comment Form – Optional
7.	Dealer/Subcontractor Documents if applicable	21.	Statement of Ownership (Ownership Disclosure Certification)
8.	Disclosure of Investment Activities in Iran Form	22.	Statement of Suspension or Debarment **Notarized & Sealed**
9.	DPMC Notice of Classification Form	23.	Sub-contractor's Disclosure Form(s)
10.	Equipment Certification	24.	Sworn Contractor Certification; Qualifications and Credentials
11.	Exhibit B Mandatory Equal Employment Opportunity Language Construction Contracts	25.	Total Amount of Uncompleted Contracts Form-Certified (DPMC Form 701)
12.	Licenses	26.	Vendor Contact Form
13.	New Jersey Business Registration Certificate **(Received no later than the time of award)	27.	W-9 Form
14.	New Jersey Public Works Contractor Certificate		

Signature: _____

Please sign above indicating that you have included all of the required New Jersey documents on this checklist and return this checklist with your bid package.

Invitation for Bid
AEPA IFB #021.75
HVAC AND MECHANICAL PRODUCTS AND SOLUTIONS

Part B – Technical Specifications

Table of Contents

1. Scope of Bid 1
2. Type of Bid 1
3. Anticipated AEPA Member Agency Participation 3
4. Anticipated Volume 3
5. Voluntary Pre-Bid Conference Call 3
6. Glossary of Terms and Abbreviations 3
7. Standard Specifications 4
8. Product | Category Specific Specifications 5
9. Pricing – See Pricing section in Part A – General Terms & Conditions for details 7
10. Evaluation 8

1. Scope of Bid

AEPA is seeking qualified, and experienced supplier(s) who possess the necessary resources and capabilities to acquire, deliver and perform the required supplies, materials equipment, and labor to all participating member states (up to 29) in the category of **HVAC and Mechanical Products and Solutions**.

AEPA and our member states will require the bid to be turnkey, inclusive that the awarded bid(s) include HVAC equipment, ancillary goods, service and installation including recycling or re-purposing old equipment.

AEPA and our member states will prefer a national distributor that can provide these turnkey solutions to all 29 member states.

a. Respond to requests from different types of educational, governmental, and public institutions seeking parts/equipment/installation/maintenance for HVAC and Mechanical Products and Solutions.

b. These parts and equipment will include but are not limited to:
   - Consultation and installation of equipment related to HVAC Systems & Temperature Control
   - Provide members with site visits (if needed) and a proposal for a cost estimate for the facility
   - Ancillary HVAC & Metering equipment
   - Servicing for 1Yr and 5 Yr plans after purchasing new equipment
   - Integrated equipment related to software and accessories

c. Types of services may include but are not limited to installation, associated professional services, environmental assessments, project management, implementation, training, technical supports, and marketing services that aid in fundraising for the project.

All products offered must be considered new, unused, of the latest design and technology and from the most current and popular HVAC product lines available.

AEPA and Member Agencies prefer a single vendor with a comprehensive array of products. However, because of the unique nature of HVAC and Mechanical Products and Solutions, Member Agencies may consider multiple awards, if the lowest, best-value bids come from Bidders whose business concentrates on a subset of HVAC Systems, such as:

1. HVAC Refrigeration
2. Indoor Air Quality Products and Devices
3. State-of-the-art Filtration and Air Purification System to meet or exceed following criteria:
    a. HVAC Systems that deliver air for occupied spaces with HEPA grade filtration of 99.7%, particular removal of .3 micron tested.
    b. Airflow sensor across filter / filter indicator switch
    c. Airflow station for outside air intake and Supply Discharge
    d. Static pressure sensor across the cooling coil (this is to ensure air flow is not be reduced within unit)
    e. (Optional) UV C Lamps to shine on HEPA Filter
    f. (Optional) Hinged filter door with glass view port for filter door
4. Unitary
5. Air Handling
6. Air Terminal Devices and Heating
7. DDC Controls
8. Cooling towers and chillers
9. Pumps
10. Invertors
11. Boilers
12. Water Heaters

2. Type of Bid

AEPA requests Bidders to submit primary pricing in the form of either "catalog pricing," or "line-item pricing." This category is constructed in the form checked below. An explanation of each can be found in the table below. Additional information on permissible pricing strategies can be found in Part A – General Terms and Conditions under "Pricing."

This bid is considered a:

YES	NO	TYPE OF BID
X		**CATALOG:** A catalog bid is utilized when the products and/or services solicited are clearly identified with set and specific characteristics, attributes and configurations that are identifiable as a stand-alone single unit and can be listed and priced as a single unit with options that can be added to enhance and/or improve its operation and functionality. The Bidder offers a fixed discount(s) off retail price or prices in a Commercially Available Catalog. The discounts may be for the entire Commercially Available Catalog, for specific products, product lines, manufacturers or category of products as determined by the Bidder. See Pricing section for detailed information on Catalog Pricing.
X		**LINE ITEM:** A line-item bid is utilized when the products and services solicited cannot be identified or listed as a single unit; consists of a number of different variables and configurations, it is necessary to identify the specific project or application; the end product or solution is made of individually priced elements or components and the end product's or solution's cost is derived by the Vendor Partner specially prepared and providing a quote based on the project's terms, conditions and requirements. See Pricing section for detailed information on Line-Item Pricing.

3. Anticipated AEPA Member Agency Participation

State	Participate? Yes/No/ Undecided	Other States Member Sells In
California	Yes	AZ, NV
Colorado	Yes	
Connecticut	Yes	MA, ME, NH, NY, RI, VT
Florida	Yes	AL
Georgia	Yes	
Illinois	No	
Indiana	Yes	
Iowa	Yes	IL, SD
Kansas	Yes	OK
Kentucky	Yes	AL, LA, MS, NC, TN, WV
Massachusetts	No	
Michigan	Yes	
Minnesota	Yes	SD
Missouri	Yes	AR, IL, LA, SD
Montana	Yes	ID
Nebraska	Yes	
New Jersey	No	
New Mexico	Yes	
North Dakota	Yes	
Ohio	Yes	
Oregon	Yes	
Pennsylvania	Yes	DE, HA, MD, NY
South Carolina	Yes	
Texas	Yes	
Virginia	Yes	
Washington	No	AK, ID, OR, MT
West Virginia	Yes	
Wisconsin	Yes	
Wyoming	Yes	SD, UT
Total	**22**	

Please note that individual AEPA Member Agencies that have indicated that they intend to participate in any contract approved under this solicitation, does not guarantee or mean that the individual AEPA Member Agency will enter into a contract with any AEPA approved Vendor Partner. Each AEPA Member Agency will make that determination after reviewing Vendor Partner responses and AEPA's recommendation for acceptance and bid award. The AEPA Member Agency's contracting decision shall be final.

4. Anticipated Volume

HVAC and Mechanical Products and Solutions is a new category for AEPA. The resulting bid will be an Indefinite Delivery, Indefinite Quantity (IDIQ) contract(s). AEPA Member Agencies estimate approximately $25-30 million in sales in the first contract term. AEPA Member Agencies anticipate that purchase volume will increase over contract years two (2) through four (4). This information is provided as an aid to Bidders in preparing responses only. It is not to be considered a guarantee of volume under this IFB. The successful Vendor Partner's discount and pricing schedule shall apply regardless of the volume of business under the contract.

5. Voluntary Pre-Bid Conference Call

AEPA will host a voluntary pre-bid conference call for any interested Bidders or potential Bidders. The conference call times are set in the following schedule for each of the four contiguous United States time

zones. No pre-registration will be required. Recording of the conference call will be posted on the AEPA Website.

Voluntary Pre-Bid Conference Call Schedule – **May 11, 2021**

IFB	Eastern	Central	Mountain	Pacific
21.75 - HVAC	11:00 AM	10:00 AM	9:00 AM	8:00 AM

Join Zoom Meeting
https://us02web.zoom.us/j/81113497228?pwd=TDZ1SEpydk8veUJ2NGQxL0RnY2kwQT09

Meeting ID: 811 1349 7228
Passcode: 2MtbHd
Dial In
929 436 2866 OR 301 715 8592 Passcode: 356897

6. Glossary of Terms and Abbreviations

Abbreviations and Acronyms for Standards and Regulations: Where abbreviations and acronyms are used in specifications or other contract documents, they shall mean the recognized name of the organizations responsible for the standards and regulations in the following list. Names, telephone numbers, and websites are subject to change and are believed to be accurate and up to date as of the date of the contract documents.

7. Standard Specifications

Item	Description
7.1.1.	The Vendor Partner will have access to a full inventory of the awarded product line.
7.1.2.	The Vendor Partner shall maintain a minimum monthly overall average fill rate of 95% or above. Line items that are reordered, backordered, or partially filled are not considered filled line items when calculating this service level.
7.1.3.	Orders must be shipped within 48 hours after the estimated ship date given to the Buyer. The Vendor Partner will notify the Buyer if the product ordered cannot be shipped within this period to provide the opportunity to secure the product elsewhere.
7.1.4.	Vendor Partners must be a manufacturer's authorized sales and service dealer for all proposed equipment/software. An authorized sales and service dealer is defined in this solicitation as one purchasing their products for reselling directly from the manufacturer(s) or the manufacturer's approved channels. Products that result from new authorized sales and service dealer arrangements between the Vendor Partner and the manufacturer during the term of this contract may be added and offered through the AEPA contract.
7.1.5.	All charges and components necessary for the performance of the contract shall be identified even if such are not specifically addressed in any paragraph or sub-paragraph or form that is a part of this request.
7.1.6.	If the Vendor Partner intends to utilize independent agents/distributors, subcontractors, and/or third-party agents to perform and/or provide any part of the products and services offered herein, the Vendor Partner must identify all providers and all associated costs with these providers.
7.1.7.	Vendor Partners must provide a product or mix of products in a manner that will allow Buyers to migrate to emerging technologies/services and between legacy technologies with no penalty charge associated with maintaining the most appropriate selections of goods and services throughout the life of the contract.
7.1.8.	Packing slips shall accompany all deliveries and shall contain the Buyer's purchase order number, vendor name, and name of the article. Cartons shall be identified by purchase order number and vendor name.
7.1.9.	Orders not filled and partials shall be indicated on the packing list. Vendor Partner shall inform members of the anticipated availability date for unfilled and partial orders.
7.1.10.	All products sold by the Vendor Partner must be new. Only the newest versions of software and equipment will be bid. Older versions will only be sold if specifically requested. Vendor Partner may offer reconditioned products as a Voluntary Alternate; such items shall be marketed and labeled as

Item	Description
	being reconditioned.
7.1.11.	Vendor Partner has the option to offer private label products. Vendor Partner shall maintain the same manufacturer specifications for private label products throughout the term of contract. Any change of manufacturers for a private label shall result in offerings equal to or superior to the originally approved manufacturer at a price equal to or lower than the original offering.
7.1.12.	If the Vendor Partner makes an error in pricing (typographical or photographic error, for example), the Buyer reserves the right to return the product. The Vendor Partner agrees to pay for cost of any returned product due to a pricing error.
7.1.13.	Vendor Partner shall provide a Safety Data Sheet (SDS) for all items sold, if required. A separate sheet shall be provided for each individual item when purchase is made.
7.1.14	All products will ship FOB Destination, freight prepaid and added to invoice. Freight will be quoted and provided to the Participating Agency prior to purchase order (PO) approval. The Vendor shall propose a flat rate for all orders that are less than $50.00 regardless of where to be shipped in the continental United States.

8. Product | Category Specific Specifications

Item	Description
8.1.1.	All branded components, spare parts, application software, accessories and ancillary equipment supplied under this bid must conform to manufacturer specifications and must be of new manufacture and must be in current standard production.
8.1.2.	The vendor partner is responsible for ensuring that these items are operable and installed following the manufacturer's specifications.
8.1.3.	Systems for wireless downloads should provide for existing and emerging technologies.
8.1.4	Many states' statute requires workers to be paid **prevailing wages** when employed on **public works** projects and public building service maintenance contracts. It is the vendor partner's responsibility to be acquainted with and comply with State regulations regarding payment of prevailing wages.
8.1.5	All materials and installation shall conform to the current edition of the International Mechanical Code, Unified Building Code, HVAC Mechanical Code, Fire Code, and International Energy Code, as applicable.
8.1.6	Vendor partner's test instruments to have up-to-date and valid calibration documentation. Documentation must be provided upon request by the AEPA member or its members
8.1.7.	Services may be included and identified separately. Services offered must include clear descriptions of proposed services. Services may include, but are not limited to: • **Startup & Commissioning Services -** equipment startups, system checkouts, control verification, retro commissioning, M & V verifications, rebate auditing, and others • **Indoor Air Quality assessments** through the building automation system (BAS) and on-site assessments of the physical environment. • **Service & Maintenance** - preventative and full maintenance contracts, remote monitoring, annuals, emergency services, regulatory compliance, cleaning (i.e.., duct, coils and filters), scheduled maintenance (i.e., oil, chemical and vibration analysis) and others • **Installation and Turnkey Contracting** • **Warranty Services -** Extended parts & labor (define maximum number of years available • **Energy Services -** Energy Tracking, Energy Analysis and other services • **Equipment Rentals -** Chillers, pumps, transformers and other items • **Professional Services -** Engineering, Design, Drafting, Architectural, Project Management and others • **Site Surveys**

Installation | Testing | Maintenance

Item	Description
8.2.1	The installation and/or removal of equipment under contract HVAC and Mechanical Products and

Item	Description
	Solutions shall be performed professionally. The member's premises and equipment shall be left in a clean condition. The awarded vendor partner may be required to repair all damage and/or provide full compensation for damage to the member agencies' premises and equipment that occurred during installation/removal. It is preferred that all equipment that is removed from a member agency facility be recycled in an appropriate manner
8.2.2	Personnel in charge of the installation must be available to coordinate installation with the member agency's internal staff. Qualified service support and technical personnel will be required to provide all necessary maintenance and repair. Installation dates and installation schedules must be approved by the member agency.
8.2.3	Installation crews may be working around students, employees, teachers, and general staff. Installation may require off-hour and weekend work to accommodate and complete the project in the timeline required by the member agency. The member agency will try to accommodate access for installation during school/business hours; however, any plan that displaces staff, employees, students or personnel will most likely disrupt the ordinary daily schedule. If after hours and weekend installations are preferred by the member, this will be so identified in the proposal to the member agency.
8.2.4	Project Manager for the awarded vendor partner shall verify proper installation at multiple and various times throughout the installation
8.2.5	Upon successful completion of the installation, test system functionality for all possible scenarios and document all outcomes
8.2.6	The Member Agency will evaluate the performance of newly installed HVAC and Mechanical Products and Solutions for 90 days after installation. If the performance is unsatisfactory, the member agency will immediately contact the awarded vendor partner to pursue corrective action and resolution of the problem. Resolution of performance problems may result in: o Repair or other actions to correct the problem including training or modifications made to member's satisfaction. o The replacement of HVAC equipment or an alternative approach using equipment or software, of the same brand and model, at no additional cost (including delivery and installation) to the member agency (upon member's approval). o Return of the HVAC equipment or software, with the cancellation of the order at no charge to the member agency.
8.2.7	Inspections, tests, measurements, or other acts or functions performed by the member agency shall in no manner be construed as relieving the awarded vendor partner from full compliance with member states' requirements. At a minimum, an installed piece must demonstrate the capability of providing the functions and services specified in the manufacturer's published literature.
8.2.8	Maintenance, repair, and services related to the operation of the HVAC system, components, and equipment must be provided to the member agency. Vendor partners must have the ability to remotely access end-users' systems to help with diagnostics, upgrades, and general queries.
8.2.9	Service calls must be acknowledged within two (2) hours from the AEPA member agency call to the vendor partner.
8.2.10	Excessive Service and Downtime: HVAC and Mechanical Products and Solutions including all components, spare parts, application software, and ancillary equipment supplied through this contract shall be capable of continuous operation. Therefore, the vendor partner shall guarantee that all will be operational at least 98% of normal business hours. Equipment that develops a trend of requiring an excessive number of service calls shall be reported by the member agency to the awarded vendor partner or by the awarded vendor partner to the member agency as the situation warrants and corrective action and resolution will be made in a manner that is best for the member agency.
8.2.11	If the performance of maintenance services under the contract results in a need to replace defective parts, such items may only be replaced by new parts. In no instance shall the awarded vendor partner be permitted to replace defective items with refurbished, remanufactured, or surplus items without the prior written authorization of the member agency.
8.2.12	The vendor partner must guarantee the availability of repair parts for a minimum of five (5) years after member agencies acceptance of the contracted HVAC system or parts.
8.2.13	Member agencies shall be afforded the option to relocate/transfer contract HVAC and Mechanical Products and Solutions from one-member location to another member location as deemed

Item	Description
	necessary with no change to agreement or maintenance plans. If self-moves are an option, the awarded vendor partner must be notified before relocating or transferring. The member agency will be responsible for repairs required for damage that occurred during self-moves.
8.2.14	Alternately member agencies may elect to have the awarded vendor partner relocate/transfer the HVAC and Mechanical Products and Solutions. The awarded vendor partner is responsible for repairs required following such relocation/transfer. Relocation/transfer of HVAC and Mechanical Products and Solutions must be coordinated with the member agency contact person responsible for the contract.

9. Pricing

AEPA has identified and stipulated the type of bid and the pricing methodologies that are to be utilized to price and submit bid prices. The Vendor Partner agrees that the cost for any item bid or offered on this contract will be uniform for all states, and that any differences in pricing are due to state specific installation and labor costs, AEPA Member Agency's Administrative Fee, or other approved reasons. The Bidder must provide their pricing as requested utilizing the various pricing methodologies specified. **The Bidder/Vendor Partner must agree that they will offer prices equal to or better than what they ordinarily offer to individual entities or cooperatives with equal or lesser volume.** Please note the following that relate to pricing:

1. **Primary Pricing Strategies:** All Bidders will be required to submit "Primary Pricing" in the form of either "Catalog Pricing" or "Line-Item Pricing" or a combination of these two pricing strategies as defined in Part B, bid specifications. Bidders are also encouraged to offer OPTIONAL pricing strategies including "Hot List" and "Volume Discounts".

    a. **Catalog Pricing:** Catalog pricing is utilized when the products and/or services solicited are clearly identified with set and specific characteristics, attributes and configurations that are identifiable as a stand-alone single unit and can be listed and priced as a single unit with options that can be added to enhance and/or improve its operation and functionality. The Bidder offers a fixed discount(s) off retail price, catalog price, published price or list price. The discounts may be for the entire commercially available catalog, for specific products, product lines, manufacturers or category of products as determined by the Bidder.

        i. **Discounts:** Discount offers must clearly identify percent of discount to apply to a commercially available catalog, manufacturer, MSRP, retail or nationally published price lists. Bidders shall identify and stipulate if the discounts apply to the entire catalog/price list, specific product lines, manufacturers and/or categories of products. Bidder shall agree that there will be no reduction in discount(s) during the term of the contract.

        ii. **New Catalogs/Price Changes**: New catalogs and corresponding nationally published price lists may be submitted throughout the term of the contract and shall be submitted to the AEPA Category Committee for review prior to release to all AEPA Member Agencies. Prices may change based on manufacturer's price changes, new published pricing or price lists, but the original discount bid shall remain firm for the duration of the contract.

        iii. **Core List:** In a Catalog Priced bid, a category (i.e. office supplies) may include a "core list" which contains a selection of the most commonly used products/services with the expectation that a deeper discount would be bid for these items. If a new catalog and price list is published during the contract term, the original discounts shall be applied to the new published prices to establish the AEPA price for these core items.

        iv. **Product Addition/Discontinuation**: New products, within the same scope of work, may be added at the established percentage discounts at any time. We encourage research and development of new innovative product technology that enhances efficiency while reducing cost. Discontinued products may be dropped at any time during the year. In the event a Core item is discontinued by the manufacturer during the term of the contract, Vendor Partner is required to add a functionally equivalent substitute at the same discount structure.

b. **Automated System for Pricing (ASP)**: The method consisting of an ASP and/or software application (RSMeans Facilities Construction Cost Book, use last column pricing "Total Incl O&P") that is self-contained and consists of a turn-key solution that includes a complete line-item listing of all of the products, supplies, materials, equipment, services, accessories and options with their description, specifications, terms, conditions and associated pricing for each item, sub-assemblies and/or assemblies. The Bidder provides a percent of discount or fixed multiplier/factor to be applied to total project cost to allow for individual state conditions and requirements and to arrive at the AEPA price.

2. **Secondary Pricing Methods (Catalog Bids only, see Part B for category designation):** Bidders are required to offer Customized Price Lists (Catalog Bids ONLY) and encouraged to offer Hot Lists and Volume Discounts as follows:

   a. **Customized Price List:** Bidders are required to offer customized price lists to Participating Entities for items within the Bidder's Commercially Available Catalog for Catalog Bids ONLY (not pertinent to Line Item Bids). Customized price lists shall be allowed under the following conditions:
      i. Items within the Vendor Partner's Commercially Available Catalog may be included on the customized price list providing they are not already on the Core Item list.
      ii. Items are to be determined by the Participating Entity; Vendor Partner may object to up to ten (10) of the suggested items proposed by the customer and must offer substitutes until an agreement of the customized list is reached.
      iii. Items on the customized price list shall be sold with an additional discount (deeper than what was originally bid on the non-core or catalog discount)
      iv. Items may not include special order or customized service products unless agreed to by the Vendor Partner.

   b. Volume Price Discounts: Bidders are encouraged to offer additional pricing discounts that may be offered for a group of agencies in a local geographic area that desire to combine requirements (one- time purchase, or annual spend), i.e. local city, county, school district(s), etc. and/or for large one time purchases. Additional volume price discounts are permissible under the following conditions: Discounts should be tiered and based on spend ranges as established by the Bidder on the Pricing Forms. Volume determination shall be determined between the Vendor Partner and the individual Buyers on a case-by-case basis.

3. Part F - Pricing Workbook

a. Pricing shall be completed on the provided pricing sheets (Microsoft Excel Workbook) with the individual tables to be completed as follows:
   i. F.1 – Catalog Discount (Required)
   ii. F.2 – Price Schedule (Required)
   iii. F.3 – State Multiplier & Rates (Required)
   iv. F.4 – Volume Discounts (Optional)
   v. F.5 – Small Quote (Required)
   vi. F.6 – Project Quote (Required)

b. Bid pricing will be evaluated on a combination of the catalog price schedule and project quote. Pricing evaluation may include other considerations, including the total cost of the acquisition and whether the Proposer's offering represents the best value. See Evaluation, Approval, and Award in Part A – Terms and Conditions for additional information.

10. Evaluation

The AEPA Committee for this category will evaluate bid responses based on the entire response, and according to the criteria detailed in Part A for AEPA's definition of Responsive and Responsible bids. A recommendation may be made to recommend a single response or to recommend multiple bidders based on differentiation of product or service between bidders. AEPA will vote as a whole to accept or not accept a committee's recommendation. Once accepted, each recommended bid response will go to the individual states for contract approval. Please note, pricing evaluation may include other considerations, including the total cost of the acquisition and whether the Proposer's offering represents the best value. The evaluation committee may consider such factors as life-cycle costs, the total cost of ownership, quality, and the suitability of an offering in meeting AEPA members' needs.

Below is a summary was taken from the Evaluation section in Part A, F. Bid Evaluation, Approval, and Award:

Evaluation Criteria
Cost Evaluation
Complete Response to Bid
Conformance to Bid Terms and Conditions
Pricing Equal to or Better Than That Offered to Individual Entities or Cooperatives With Equal or Lesser Volume
Quality and Suitability of Products Offered
Marketing Plan
Financial Viability
Demonstrated Track Record of Performance in the Public Marketplace
Value Added attributes

Part D - Questionnaire

AEPA 021.75
HVAC and Mechanical Products and Solutions

Instructions

This questionnaire contains forms and requests for information required by AEPA for vendor evaluation for responsiveness and responsibility.

To submit the required forms, follow these steps:

1. Read the documents in their entirety.
2. Respondents must use Part D – Questionnaire to its capacity. Attached exhibits and/or supplemental information should be included only when requested.
3. Complete all questions.
4. Save all pages in the correct order to a single PDF format titled "***Part D – Questionnaire – Name of Company***".
5. Submit Part D, along with other required documents in Public Purchase.

The following sections will need to be completed prior to submission and submitted as one single PDF titled "Part D – Questionnaire – Name of Company":

Company Information
Service Questionnaire
Exceptions
Deviations

Company Information

Name of Company: Carrier Corporation

Company Address: 5900 Northwoods Business Parkway, Suite B

City, State, zip code: Charlotte, NC 28296

Website: www.carrier.com

Contact Person: Samuel Moreland

Title: Strategic Account Manger

Phone: 239.295.6177

Email: Samuel.Moreland@Carrier.com

Background

Note: *Generally, AEPA will not accept an offer from a business that is less than five (5) years old or which fails to demonstrate and/or establish a proven record of business. If the respondent has recently purchased an established business or has proof of prior success in either this business or a closely related business, provide written documentation and verification in response to the questions below. AEPA reserves the right to accept or reject newly formed companies based on information provided in this response and from its investigation of the company.*

This business is a: X **public company** _____ **privately owned company**

In what year was this business started under its present name? 1978

Under what additional, or, former name(s) has your business operated? None

---

Is this business a corporation? _____ **No** X **Yes. If yes, complete the following:**

Date of Incorporation: 12/12/1978
State of Incorporation: Delaware
Name of President: Mark Thompson
Name(s) of Vice President(s): Chris Nelson
Name of Treasurer: Douglas Stenske
Name of Secretary: Ariel David

Is this business a partnership? _____ **No** _____ **Yes. If yes, complete the following:**

Date of Partnership:
State Founded:
Type of Partnership, if applicable:
Name(s) of General Partner(s):

Is this business individually owned? _____ **No** _____ **Yes. If yes, complete the following:**

Date of Purchase:
State Founded:
Name of Owner/Operator:

Is this business different from those identified above? X **No** _____ **Yes**
If yes, describe the company's format, year and state of origin and names and titles of the principles below.

Is this business women-owned? X **No** _____ **Yes**

Is this business minority-owned? X **No** _____ **Yes**

Does this business have an Affirmative Action plan/statement? _____ **No** X **Yes**

Business Headquarter Location

Business Address	13995 Pasteur Blvd.
City, State, zip code	Palm Beach Gardens, FL 33418
Phone	561.365.2000
How long at this address?	2020

Business Branch Location(s)

Branch Address	Carrier sells equipment through more than 100 distributors, 90 Carrier direct sales offices, factory representative offices in certain geographic areas, and direct through Strategic Accounts sales.
City, State, zip code	
Branch Address	
City, State, zip code	
Branch Address	
City, State, zip code	
Branch Address	
City, State, zip code	

**If more branch locations exist, insert information here or add another sheet with the above information.*

Sales History

Provide your business's annual sales for in the United States by the various public segments.

	2019	2020	2021 YTD
K-12 (public & private), Educational Service Agencies	NA	NA	NA
Higher Education Institutions	NA	NA	NA
Counties, Cities, Townships, Villages	NA	NA	NA
States	NA	NA	NA
Other Public Sector & Non-profits	NA	NA	NA
Private Sector	NA	NA	NA
Total	$18,608 Million	$17,456 Million	

Provide your business's annual sales for **products and services that meet this solicitation's scope of work** in the United States by the various public segments.

	2019	2020	2021 YTD
K-12 (public & private), Educational Service Agencies			
Higher Education Institutions			
Counties, Cities, Townships, Villages			
States			
Other Public Sector & Non-profits			
Private Sector			
Total	$9,478 Million	$9,712 Million	

Work Force

Key Contacts and Providers: Provide a list of the individuals, titles, and contact information for the individuals who will provide the following services on a national and/or local basis:				
Function	**Name**	**Title**	**Phone**	**Email**
Contract Manager	Samuel Moreland	Strategic Account Manager	239.295.6177	Samuel.Moreland@Carrier.com
Sales Manager	*			
Customer & Support Manager	*			
Distributors, Dealers, Installers, Sales Reps	*			
Consultants & Trainers	*			
Technical, Maintenance & Support Services	*			
Quotes, Invoicing & Payments	*			
Warranty & After the Sale	*			
Financial Manager	*			

** All other contacts will vary by state and sales channel*

Sales Force: Provide total number and location of salespersons employed by your business in the United States by completing the following: *(To insert more rows, hit the tab key from the last field in the State column.)*		
Number of Sales Reps	**City**	**State**
*		

***Please see attached Carrier Directory for breakdown by state.**

Describe how your company will implement training and knowledge of the contract with your respective sales force. Furthermore, describe how your company plans to support and train your sales force on a national, regional, or local level and generally assist with the education of sales personnel about the resulting contract.
Click or tap here to enter text.

Sales Training occurs through multiple channels; the most common is Carrier University. Since 1929 Carrier has been providing training for designers, contractors, engineers, dealers, distributors, and internal personnel. This continues today through classroom and online courses. Through this channel sales engineers will be introduced to any new opportunities, such as AEPA, and how to use them.

Twice a month Carrier Commercial HVAC Sales and Marketing Managers host a "salesXchange" webinar. The purpose of these calls are to direct the salesforce in how we position products and solutions in the marketplace. New products and solutions, like a Cooperative Purchasing Agreement, are introduced and discussed during this time.

Vertical market managers and regional sales managers that interface directly with sales teams and other key contacts to specifically train and promote new selling strategies. These managers ensure the sales channels

understand how to best use things like cooperative purchasing, review all cooperative purchasing opportunities, and work with the owner's purchasing departments to facilitate transactions.

Finally, the Carrier Building Solutions Group is separate from the standard sales channels and develops broad strategies that work across all of Carrier's business. A great example of this is Carrier's Healthy Buildings campaign https://www.corporate.carrier.com/healthybuildings. The campaign is developed with marketing material and branding strategies that are rolled out across all sales channels with appropriate training. Account executives are also assigned to specific vertical markets like K-12 or Higher Education that merit special focus. Campaigns like the Healthy Buildings Program allow Carrier to develop a strong message around healthy indoor environments and allow partnerships with local representatives for everything from the initial building assessment to a final implementation.

What is your company's plan, if your company were awarded the contract, to service up to 29 states. Describe if your company has a national sales force, dealer network, or distributor(s) with the ability to call on eligible agencies in the participating states in AEPA.
Click or tap here to enter text.

***Please see attached Carrier Directory for breakdown by state.**

Carrier is a multi-billion-dollar corporation engaged in the research, development, manufacture and sale of heating, refrigeration, and air conditioning products in all 50 states and throughout the world. Carrier has access to 84 manufacturing facilities worldwide and the support of nearly 52,600 employees operating in more than 170 countries on six continents. Carrier is a world leader in the manufacturing of HVAC equipment and is a founder of the industry. July 17, 2020 marks the 118th anniversary of Willis Carrier's invention of modern air conditioning. Since 1902, Carrier has made a profound impact around the world by improving indoor air quality in the spaces where we live and work. Carrier's worldwide operations include manufacturing equipment ranging from 0.5 to 5,000 tons, with factory service, and controls. We place a strong emphasis on energy efficiency, the environment, and safety. We focus on both first costs and life cycle costs to provide maximum customer value. Carrier's research and development provides leading edge advancements in engineering technologies that we incorporate into our products to create value for our customers and achieve a competitive advantage in the marketplace. While there are other firms that offer products and services in our industry, there are few others that offer the same solution set consisting of the global scope, range of products, and engineering designs that Carrier offers.

Relative to North America, Carrier sells equipment through more than 100 distributors, 90 Carrier direct sales offices, factory rep offices in certain geographic areas, and direct through Strategic Accounts sales. Carrier has offices that cover all locations throughout North America. Carrier's factory owned service organization supports Carrier and other manufacturer's equipment, providing preventative maintenance, repairs, both in and out of warranty, retrofits, controls, and energy management projects. There are approximately 878 factory trained service technicians located in 80 Carrier Commercial Service offices.

Carrier owns the Totaline® Network which is a worldwide federation of nearly 700 stores that make up the world's largest heating, ventilating, air conditioning and refrigeration supplies organization. These stores are the true One-Stop-Shop for parts and supplies in our industry. Carrier's Replacement Components Division is the headquarters for the Totaline® Network of stores (www.rchvacparts.com). RCD provides access to over 100,000 parts that enable the Totaline® Network to be fully equipped parts centers. In addition to providing parts and supplies to the stores, RCD, as Totaline® headquarters, they also provide EPIC, our own Electronic Parts Information Catalogue. This tool is widely recognized as an industry standard for this type of parts information. Totaline® branded parts are top quality HVAC&R parts that are designed to fit and service any brand of equipment. In addition to Totaline parts, we are the only source for genuine authorized semi-hermetic Carlyle and Totaline compressors. Under the Factory-Authorized Parts label (FAP), RCD has direct replacement parts for Carrier and Bryant equipment. We also offer many product lines from top suppliers under the supplier brand name. All this truly makes us the global leader in parts and supplies.

Carrier Rental Systems, Inc. is a subsidiary of Carrier that provides a full line of reliable portable power and temperature related equipment and services.

Carrier owns 66 manufacturing centers worldwide. There are 10 factories in EMEA, 9 in APAC, 6 in Mexico and South America and 9 in North America.

Products, Services & Solutions

Provide a description of the Products, Services & Solutions to be provided by the product category set forth in Part B - Specifications. The primary objective is for each Supplier to provide its complete product, service, and solutions offerings that fall within the scope of this solicitation so that participating agencies may order a range of products as appropriate for their needs.

Click or tap here to enter text.

Carrier will provide the full range of products as outlined in Part 1 – Scope of Bid. See attached *Carrier Product Reference Guide* for a breakdown of products in typical industry categories. More detail can be provided on any product if needed. Additional services beyond manufactured products are described in the specifications. Carrier provides service, maintenance, and installation through our local service offices; complete control systems are available through Carrier's service department and through Carrier's control company, Automated Logic Corporation; and other services mentioned, such as energy services, consultation, assessments, professional services, etc., are provided by local Carrier sales and service offices alone or in partnership with Noresco, Carrier's energy services company.

Distribution

Describe how your company proposes to distribute the products and services nationwide, regionally, or at the local level.

Click or tap here to enter text.

***Please see attached Carrier Directory for breakdown by state.**

In North America, Carrier sells equipment through more than 100 distributors, 90 Carrier direct sales offices, factory rep offices in certain geographic areas, and direct through Strategic Accounts sales. Carrier has offices that cover all locations throughout North America.

Carrier's factory owned service organization supports Carrier and other manufacturer's equipment, providing preventative maintenance, repairs, both in and out of warranty, retrofits, controls, and energy management projects. There are approximately 878 factory trained service technicians located in 80 Carrier Commercial Service offices.

Service/Support and Distribution Centers: Provide the type (service/support or distribution) and location of centers that support the United States by completing the following: *(To insert more rows, hit the tab key from the last field in the State column.)*

Center Type	City	State

***Please see attached Carrier Directory for breakdown by state.**

Describe the criteria and process by which your company selects and approves subcontractors, distributors, installers, and other independent services.
Click or tap here to enter text.

While Carrier service offices can self-perform most work, depending on the scope and timing of the project, subcontractors may be selected for projects involving Carrier supplied labor. The local service offices have longstanding relationships with various subcontractors in their communities and will also use the owner's preferred subcontractors due to their familiarity with the owner's operating procedures and processes. Contractors are selected on job by job basis and there is no long-term contract with any subcontractors. Contractors are selected based on qualifications, past performance, and business stability.

Provide a list of current subcontractors, distributors, installers, and other independent service providers who are contracted to perform the type of work outlined in this solicitation in the member agency states. Include, if applicable, contractor license or certificate information and the state(s) wherein they are eligible to provide services on behalf of the business.
Click or tap here to enter text.

Subcontractors are determined on a job by job basis at the local level.

If applicable, describe your company's ability to do business with manufacturer/dealer/distribution organizations that are either small or MWBE businesses as defined by the Small Business Administration.
Click or tap here to enter text.

Carrier Corporation recognizes the value and competitive advantage that a diverse supply chain brings to Carrier. Our commitment to supplier diversity emanates from the highest level of our corporation and is an integral part of our business. We believe that every reasonable effort should be made to utilize diverse and underrepresented businesses, including Minority-owned and Women-owned Business Enterprises (MBEs and WBEs) that are able to meet our technical needs, offer competitive pricing, quality, delivery and service. To this end, Carrier will make good faith efforts in creating visibility to contracting needs when and if such needs arise.

If applicable, describe other ways your company can be sensitive to a participating agencies desire to utilize local and/or MWBE companies, such as the number of local employees and offices with a geographic region, companies your firm uses that may be local (i.e. delivery company), your own company's diversity of owner employees, etc.
Click or tap here to enter text.

At Carrier, our greatest strength is the diversity of our people and their ideas. We work hard to build a culture where all employees are valued and everyone feels included. We have a robust talent acquisition process to attract talent from the diverse, global marketplace, and we foster an inclusive culture that drives employee engagement, retention, teamwork, and innovation. And we're proud to say that our efforts to build a diverse workforce are yielding results: since 2015, we've successfully increased our percentage of female executives, executives of color, and professionals of color. Additional information is available in attached annual report under the "Our People & Culture" section.

If applicable, provide details on any products or services being offered by your company where the manufacturer or service provider is either a small or MWBE business as defined by the Small Business Administration. Provide product/service name, company name and small/MWBE designation.
Click or tap here to enter text.

Carrier Alliance is our supplier-focused program that optimizes the Carrier supply chain by strengthening and lengthening our relationships with our most valued and strategic suppliers. Representing the best of the best, a select group that shares our expansive geographic reach, breadth of offering, focus on quality and cost excellence, and commitment to diversity and sustainability, suppliers participating in the Carrier Alliance program benefit from

increased recognition, participation in roadmap alignment and the designation of Supplier Excellence Preferred status.

Our supplier diversity initiatives are focused on establishing relationships with qualified suppliers that fall into the diverse categories as defined. Developing these relationships not only brings value to our company, but also to our communities. At Carrier, we are committed to supplier diversity and recognize it as an essential part of our success.

We welcome all competitive suppliers to support our many requirements at Carrier. To participate in our diversity program a company must be certified or qualified as a supplier meeting one of the diversity definitions in the Supplier Diversity Glossary. Recognized designations include: ANC, DOBE, HBCU, HUBzoned, LGBT, MBE, MI, SDB, SDVOB, SMALL, VOB, WBE.

Marketing

Key Marketing Contact(s): List the name(s), title(s) and contact information of the business's key national and regional marketing office(s). *To insert more rows, hit the tab key from the last field in the Email column.*

Name	Title	Phone	Email
Joe Chirco	Director, Product Management – Marketing	315.432.6196	Joseph.Chirco@Carrier.com
Cookie Caloia	Manager, Market Analysis	315.432.6511	Cookie.Caloia@Carrier.com
Erin Hanlon	Sr. Associate Marketing Communications/Advertising	315.432.6608	Erin.Hanlon@Carrier.com

Describe how this business marketed its products and services to schools, nonprofit organizations, and other public sector audiences in Fiscal Year 2019– 2020 (July 1 – June 30). List all conventions, conferences, and other events at which this company exhibited.

Click or tap here to enter text.

Carrier actively promotes commercial equipment, controls, and service solutions to facility managers, building owners (directors, purchasing managers, superintendents, etc.), and architects/engineers in the K-12 market segment. Below is a list of typical organizations we target on a national level. There are additional local chapters of these organizations and independent local trade associations that are also addressed by local and regional managers.

- Association and trade publication names include:
  - AASA – The School Superintendents Association
  - ACHR News
  - APPA – Education Facilities Managers Association (K-12, Universities, and Museums)
  - ASBO – Association of School Business Officials
  - ASHRAE
  - Consulting-Specifying Engineer
  - McMorrow Reports – Education and Gov't Edition
  - NASBE – National Association of State Boards of Education
  - NIGP – The Institute for Public Procurement
    - Carrier is the only HVAC National Business Council Member for NIGP
- Carrier.com
- LinkedIn

Other direct or indirect marketing activities usually include case studies that are distributed to sales channels and other success stories published on social media. The contract award would be announced in a press release and displayed on Carrier's website.

Describe how your company will market the resulting contract to eligible Member Agencies. Describe how your company differentiates the new agreement from existing contracts that your company may hold today. Please be specific and detailed in your response.
Click or tap here to enter text.

A new offering, like this purchasing cooperative, is a great opportunity to reach out to our existing clients as well as an opportunity to connect with Member Agencies that we do not have a relationship with. Carrier would develop a plan for each sales channel particular to that channel and geographic area. In general, Carrier will train the sales teams and create marketing material for local use. Carrier will highlight the owner benefits of direct purchase and the added benefits of doing this through AEPA.

Cooperative Marketing. Describe ways in which your company will collaborate with AEPA Member Agencies in marketing the resulting contract. Submit any supplemental materials as PDFs and title it Exhibit B – Marketing Plan. • Process on how the contract will be launched to current and potential agencies. • The ability to produce and maintain in full color print advertisements in camera-ready electronic format, or electronic advertisements, including company logos and contact information. • Anticipated contract announcements, planned advertisements, industry periodicals, other direct or indirect marketing activities promoting the AEPA awarded contract. • How the contract award will be displayed/linked on the Respondent's website.
Click or tap here to enter text.

As opposed to marketing to the member agencies, Carrier is very open to any collaboration with the member agencies. Carrier is very capable of producing a wide variety of digital and print media and has full time staff dedicated to this effort. Media will be created specifically for AEPA cooperative marketing. In addition to training the sales channels to market the new agreement, Carrier will look for additional trade show opportunities and presentations at local trade association meetings.

Environmental Initiatives

Describe how your products and/or services support environmental goals.
Click or tap here to enter text.

See Attached Carrier 2020 ESG (Environmental, Social, & Governance) Report for all questions regarding environmental initiatives.

Indicate if your company has any products in your offering that have any third-party environmental certifications.
Click or tap here to enter text.

EnergyStar (www.energystar.gov) is a federal program that applies to many Carrier residential products. Similar programs are not available for commercial products, but all Carrier products are rated through third party agencies, such as AHRI. Carrier offers a wide range of products including the most efficient products available to reduce energy use and waste.

Describe the business's "green" objectives (i.e. LEED, reducing footprint, etc.).
Click or tap here to enter text.

Carrier is committed to making the world safer, sustainable, and more comfortable for generations to come. Carrier exceeded its 2020 ESG goals and is targeting carbon neutrality for its 2030 ESG goals. These include:

- Reduce our customers' carbon footprint by more than 1 gigaton

- Invest over $2B to develop healthy, safe, and sustainable building and cold chain solutions that incorporate sustainable design principles and reduce life-cycle impacts
- Achieve carbon neutral operations
- Reduce energy intensity by 10% across our operations
- Achieve water neutrality in our operations prioritizing water scarce locations
- Deliver zero-waste to landfill from manufacturing locations
- Establish a responsible supply chain program and assess key factory suppliers against program criteria

Our 2030 ESG goals are detailed at https://www.corporate.carrier.com/corporate-responsibility/our-sustainability-goals/

Describe what percentage of your offering is environmentally preferable and what are your company's plans to improve this offering.
Click or tap here to enter text.

Carrier is constantly updating our complete line of products to improve energy efficiency and sustainability. Our 2030 ESG goals are detailed at https://www.corporate.carrier.com/corporate-responsibility/our-sustainability-goals/

Additional Information

Describe any/all features, advantages and benefits of your organization that you feel will provide additional value and benefit to a participating AEPA agency.
Click or tap here to enter text.

Carrier offers significant healthy building services and planning.

- Healthy Building Assessments focus on identifying and integrating strategies that positively contribute to building occupants' health and wellness.
- Indoor Air Quality Testing provides building owners, tenants and occupants with the information needed to establish a baseline for indoor air quality and develop and implement upgrades to help verify optimal filtration, ventilation, airflow, and controls.
- Performance Testing measures actual space conditions within a building and provides quantitative data to ensure the building is performing as intended.
- Certification Consulting starts by gaining a thorough understanding of the client's goals so that we select the healthy-building rating system that best aligns with their desired outcomes. Certifications include Fitwel, Fitwel Viral Response, RESET Air, and WELL Health-Safety.
- Energy and Efficiency design consulting services such as:
    - Energy Savings Performance Contracts
    - Energy Audits
    - Retrofit Implementation

If applicable, describe your company's ability to integrate into other ecommerce sites: Include details about your company's ability to create punch out sites and accept orders electronically (cXML, OCI, etc.). Provide detail on where your company has integrated with a pubic agency's ERP (Oracle, Infor Lawson, SAP, etc.) system in the past and include some details about the resources you have in place to support these integrations. List, by ERP provider, the following information: name of public agency, ERP system used, "go live" date, net sales per calendar year since "go live", and percentage of agency sales being processed through this connection.
Click or tap here to enter text.

Carrier's equipment and services are not standard, off the shelf products and do not typically integrate into ecommerce sites. Orders are entered into Carrier's SAP system by a Carrier Account Order Manager (AOM) based on purchase order receipt.

Online catalogs and part finders are available for equipment parts at https://www.rchvacparts.com/. Mobile apps are also available for technicians. Online catalogs and equipment data are available at https://hvacpartners.com/ .

Carrier does not support purchase orders vis punch-out processing or support commercial XML and Open Catalog interface standards, specifically for Purchase Orders and Invoicing. Carrier is willing to use self-service portals for PO and Invoice Management.

Disclosures

Financial Health (REQUIRED): AEPA requires reports that describe the financial soundness of your organization. Accepted financial reports include balance sheets and Profit & Loss statements for the past three years (2018, 2019, 2020), a Letter of Credit or Line of Credit from a bank or lending institution indicating the line of credit limit and the average outstanding balance, Dun & Bradstreet reports, a complete Annual Financial Report (for publicly traded companies). Reports must be for the three years prior to this solicitation. Scan the report(s) into a PDF document and title as per the instructions.

For confidentiality, respondents may choose to send the report(s) by email directly to the AEPA Executive Director, George Wilson, at georgewilson.aepa@outlook.com. The reports will be held through the end of the protest period for the solicitation after which they will be destroyed. The pdf report(s)must be received by the AEPA Executive Director before the due date and time of the solicitation opening.

Legal: Does this business have actions currently filed against it?		**No**	X	**Yes**

If **Yes, AN ATTACHMENT IS REQUIRED:** List and explain current actions, such as, Federal Debarment (on US General Services Administration's "Excluded Parties List"), appearance on any state or federal delinquent taxpayer list, or claims filed against the retainage and/or payment bond for projects.

Given the size and scope of its business, Carrier Corporation, its Affiliates, Parent, and some of its employees are, at times, subject to governmental actions. The regulatory and governmental examinations, information gathering requests, inquiries, investigations and threatened legal actions and proceedings to which they are routinely subject have sometimes resulted in administrative, civil or criminal liabilities, including repayments, fines, and other damages, forfeitures or penalties. In light of the number of employees, types of business, offices, and activities in many countries across the world, Carrier Corporation cannot identify, or provide details, for each incident. However, matters of a material nature are contained in the quarterly (SEC Form 10-Q) and future yearly reports (SEC Form 10-K) that will be filed by Carrier Global Corporation ("CGC"), Carrier's parent company.

See attached 2020 10 K for Carrier Global Corporation for description of Legal Proceedings.

References

Provide contact information of your business's five largest public agency customers.

Agency	Name	Title	Phone Number	Email

1. New York State OGS	Joseph Better	Contract Manager	518-474-7101	joseph.better@ogs.ny.gov
2. SUNY Construction Fund	Matthew Moore	Engineering Manager	518-320-1736	Matthew.Moore@suny.edu
3. NY Power Authority	Richard Bradford	Mechanical Engineer		Robert.Bradford@nypa.gov
4. CA DGS	Bryan Duggar	CMAS Program	916-375-4391	bryan.dugger@dgs.ca.gov
5. PA DGS	David Gibson	COSTARS Commodity Specialist	717-346-2680	davgibson@pa.gov

Service Questionnaire

The following chart indicates which AEPA Member States intend to participate in this solicitation category. Respond to Yes/No and choice questions by using an (X). ***Note: A Respondent must be willing and able to deliver the proposed products and/or services to 90% of the participating AEPA Member States.***

AEPA Member States	Participating in this category.	In which states has this company sold products/services in the past 3 years? (Place an X where applicable)	If awarded, which states does this company propose to sell in? (Place an X where applicable)	Indicate which states this company has sales reps, distributors or dealers in. (Place an X where applicable)
California	Yes	X	X	X
Colorado	Yes	X	X	X
Connecticut	Yes	X	X	X
Florida	Yes	X	X	X
Georgia	Yes	X	X	X
Illinois	No	X	X	X
Indiana	Yes	X	X	X
Iowa	Yes	X	X	X
Kansas	Yes	X	X	X
Kentucky	Yes	X	X	X
Massachusetts	No	X	X	X
Michigan	Yes	X	X	X
Minnesota	Yes	X	X	X
Missouri	Yes	X	X	X
Montana	Yes	X	X	X
Nebraska	Yes	X	X	X
New Jersey	No	X	X	X
New Mexico	Yes	X	X	X
North Dakota	Yes	X	X	X
Ohio	Yes	X	X	X
Oregon	Yes	X	X	X
Pennsylvania	Yes	X	X	X
South Carolina	Yes	X	X	X
Texas	Yes	X	X	X
Virginia	Yes	X	X	X
Washington	No	X	X	X
West Virginia	Yes	X	X	X
Wisconsin	Yes	X	X	X
Wyoming	Yes	X	X	X

e-Commerce: Does this business have an e-commerce website? ____ **No** X **Yes**

If YES, what is the website? www.rchvacparts.com

Website for parts and supplies only. New equipment and services are quoted and sold separately.

Customer and Support Service: It is understood depending on the type, kind and level of products and/or services being proposed in response to this solicitation will impact and determine the type and level of services required and these are identified in Part B Specifications of this solicitation.

Does this business have online customer support options? ____ **No** X **Yes**

Does this business have a toll-free customers support phone option? ____ **No** X **Yes**

Does this business offer local customer and support service options? ____ **No** X **Yes**

State your normal delivery time (in days) and any options for expediting delivery.
Click or tap here to enter text.

Delivery times vary from stock product on the shelf with our distributor to custom built equipment that can have significant lead times that vary throughout the year.

State your backorder policy. Do you fill the order when available, or cancel the order and require participating agencies to reorder if items are backordered?
Click or tap here to enter text.

Partial shipments can be done at customer's request.

Describe your company's payment terms as well as any quick pay discounts.
Click or tap here to enter text.

Payment terms vary by product but are consistent with industry standards.

State your company's return policy and any applicable State restocking fees.
Click or tap here to enter text.

Return policy varies by product.

Describe any special program that your company offers that will improve customers' ability to access products, on-time delivery, or other innovative strategies.
Click or tap here to enter text.

Carrier offers stocking programs for common orders and parts. Carrier also maintains an inventory of chillers and other equipment for emergency delivery. Quick build options are available on many products. Overall times vary throughout the year based on factory loading, raw material deliveries, and other factors.

Pricing

Is your pricing methodology guaranteed for the term of the contract? ____ **No** X **Yes**

Will you offer customized price lists to participating entities as required per the pricing terms of Part A? ____ **No** X **Yes**

Will you offer hot list pricing (optional) as described in the pricing terms of Part A? X **No** ____ **Yes**

*"Hot List" type pricing is common for parts and other material at our parts stores and distributors. Availability varies by location.

Will you offer volume price discounts as described in the pricing terms of Part A? ____ **No** X **Yes**

*Due to the wide range of products and options, price discounts for large orders are negotiated with the appropriate sales channels when the project quote is prepared.

Competitiveness: In order for your response to be considered, your company must offer AEPA prices that are equal to or lower than those normally offered to individual entities or cooperatives with equal or lower volume.

Is the pricing that is proposed to AEPA equal to or lower than pricing your company offers to individual entities or cooperatives with equal to or lower volume? ____ **No** X **Yes**

Indicate which of the following apply and the **level of competitive range** you are offering in response to this solicitation.

X_____ Pricing offered to AEPA is EQUAL TO pricing offered to individual customer and/or cooperatives.

_____ Pricing is LESS THAN individual customer and/or cooperatives. Lower by _____%

Cooperative Contracts: Does your business currently have contracts with other cooperatives (local, regional, state, national)? ____ **No** X **Yes**

If YES, identify which cooperative and the respective expiration date(s).
<Enter Response Here>

State Contracts:

- New York (IFSSS) – 9.26.2024
- California (CMAS) – 3.19.2024
- Pennsylvania (COSTARS) – 9.8.2021

Cooperatives:

- Sourcewell – 5.8.2022
- BuyBoard – 3.1.2024
- E&I – 6.30.2023
- TIPs – 3.1.2022

If YES, and your business is awarded an AEPA contract, explain which contract your business will lead with in marketing and sales representative presentations (sales calls)?
<Enter Response Here>

Carrier will lead with contract that offers the best service and support to the customer. We would also prefer a partner that works with us on our coordinated marketing campaigns to promote HVAC to members such as our Healthy Buildings campaign.

Administrative Fee: Which of the following best reflects how your pricing includes the individual AEPA Members' administrative fee. Mark with an "X".	
	The pricing for the products and/or services are the same for each AEPA Member Agency, shipping, handling, administrative fee and other specific state costs are added to arrive at total price offered to the Individual AEPA Member Agency.
	The pricing for the products and/or services is inclusive of the administrative fee and therefore the pricing is the same for all AEPA Member Agencies. Shipping, handling and other state specific costs are added to the adjusted AEPA Member Agency's price.
X	The pricing for the products and/or services includes **ALL** (shipping, handling, administrative fee, other) costs to arrive at a single price for all AEPA Member Agencies.

Leasing: Do your business offer leasing arrangements under this solicitation? X **No** ____ **Yes**
If Yes, please indicate how the rate factor is determined and other cost factors below.

If an AEPA contract is approved and awarded by the Member Agencies, as a Vendor Partner, I agree to:

Responsibilities	**Yes,** indicate with an "X"	**No,** indicate with an "X"
1. Designate and assign a dedicated senior-level contract manager (one authorized to make decisions) to each of the Member Agency accounts. This employee will have a complete copy and must have working knowledge of the AEPA contract.	X	
2. Train and educate sales staff on what the AEPA contract is: including pricing, who can order from the contract (by state), terms/conditions of the contract, and the respective ordering procedures for each state. It is expected that Vendor Partners will lead with AEPA contracts.	X	
3. Develop a marketing plan to support the AEPA contract in collaboration with respective AEPA Member Agencies. The marketing plan should include, but not be limited to, a website presence, electronic mailings, sales flyers, brochures, mailings, catalogs, etc.	X	
4. Create an AEPA-specific sell sheet with a space to add a Member Agency logo and contact information for use by the Member Agencies and the Vendor Partner's local sales representatives to market within each state.	X	
5. On a quarterly basis, complete the sales and administrative fee report (see attached PDF example) and submit to each Member Agency along with the respective administrative fees to be paid. If there are no sales, the Vendor Partner is required to submit a $0 report to the AEPA Member Agency.	X	
6. Have ongoing communication with the Category Oversight Chairperson, AEPA Member Agencies and the Member Agencies Participating Entities.	X	
7. Attend two (2) AEPA meetings each year (see Part A)	X	
8. Participate in national and local conference trade shows to promote the AEPA contracts including, but not limited to the Association of School Business Officials (ASBO), the National Institute of Governmental Purchasing (NIGP), and the National Association of Educational Procurement (NAEP).	X	
9. Increase sales over the term of the contract with all participating AEPA Member Agencies.	X	

Exceptions

Instructions:

1. If "no" is marked with an "X" below, complete this form by signing it at the bottom.
2. If "yes" is marked with an "X" below, insert answers into the form shown below, providing narrative explanations of exceptions. *(To insert more rows, hit the tab key from the last field in the last row and column.)*
3. If adding pages, the company name and identifying information as to which item the response refers must appear on each page.
4. Exceptions to local, state or federal laws cannot be accepted under this solicitation.

X	**No**, this respondent does not have exceptions to the Terms and Conditions incorporated in Parts A and B of this IFB.
	Yes, this respondent has the following exceptions to the Terms and Conditions incorporated in Parts A and/or B of this solicitation.

IFB Section and Page Number	**Outline Number**	**Term and Condition**	**Exception**

Deviations

Instructions:

1. If "no" is marked with an "X" below, complete this form by signing it at the bottom.
2. If "yes" is marked with an "X" below, insert answers into the form shown below, providing narrative explanations of deviations. *(To insert more rows, hit the tab key from the last field in the last row and column.)*
3. If adding pages, the company name and identifying information as to which item the response refers must appear on each page.
4. Deviations to local, state, or federal laws cannot be accepted under this solicitation.

X	**No**, this respondent does not have deviations (exceptions or alternates) to the specifications listed in Part B of this solicitation.
	Yes, this respondent has the following deviations to the specifications listed in Part B of this solicitation.

Outline Number Part B	**Specification (describe)**	**Details of Deviation**

Service Offices

Region	Hub	Office name	Street	City	State	Zip Code
West	Southern California	Los Angeles	2478 Peck Rd	City of Industry	CA	90601
West	Northern California	Sacramento	1170 W. National Drive, Suite 50	Sacramento	CA	95834
West	Southern California	San Diego	5450 Complex St Ste 304/305	San Diego	CA	92123
West	Northern California	San Francisco	600 McCormick Street, Suite B	San Leandro	CA	94577
West	Stand Alone	Colorado	9750 E. Easter Ave., Suite 100	Centennial	CO	80112
East	New England	Middletown	23 Village Lane	Wallingford	CT	06492
East	Florida	Jacksonville	4801 Executive Park Court, Ste 208	Jacksonville	FL	32256
East	Florida	Orlando	7305 Greenbriar Parkway	Orlando	FL	32819
East	Florida	South Florida (Miami)	5440 NW 33rd Avenue, #108	Fort Lauderdale	FL	33309
East	Mid-South	Tallahassee	2591 Centerville Road	Tallahassee	FL	32308
East	Florida	Tampa	3104 Cherry Palm Dr Ste 260	Tampa	FL	33619
East	Mid-South	Atlanta	1800 Sandy Plains Industrial Pkwy, #212	Marietta	GA	30066
East	Chicago	Chicago	7501 S. Quincy Street Ste 110	Willowbrook	IL	60527
East	Chicago	Peoria	1003 Detweiller Drive	Peoria	IL	61615
East	Indianapolis	Fort Wayne	821 Conrad Street	Fort Wayne	IN	46808
East	Indianapolis	Indianapolis	8751 Boehning Lane	Indianapolis	IN	46219
West	Little Rock	Kansas City	8025 Flint	Lenexa	KS	66214
East	Indianapolis	Louisville	11501 Plantside Drive, Suite 8	Louisville	KY	40299
East	New England	Boston	95 Shawmut Rd Unit 3	Canton	MA	02021
East	New England	Springfield	260 Griffith Road	Chicopee	MA	01022
East	Ohio Valley	Detroit	40120 Grand River	Novi	MI	48375
East	Ohio Valley	Grand Rapids	400 76th St Ste 14	Grand Rapids	MI	49315
East	Chicago	Minneapolis	953 Westgate Dr Ste 101	St Paul	MN	55114
East	Indianapolis	St. Louis	10 Kimler Drive	Maryland Heights	MO	63043
West	Little Rock	Omaha	5410 - 5444 F Street	Omaha	NE	68117
East	New Jersey	Fairfield	100 Delawanna Avenue, Suite 401	Clifton	NJ	7014
East	New Jersey	Fairfield	80 & 50 Bomont Place	Totowa	NJ	07512
East	Philadelphia	Jamesburg	1095 Cranbury South River Rd, Ste 5	Jamesburg	NJ	08831
West	Stand Alone	Albuquerque	9012 Washington N.E.	Albuquerque	NM	87113
East	Indianapolis	Cincinnati	9910 Windisch Road	West Chester	OH	45069
East	Ohio Valley	Cleveland	9800 Rockside Rd Ste 1100	Valley View	OH	44125
East	Ohio Valley	Columbus	752 Brooksedge Plaza Drive	Westerville	OH	43081
West	Stand Alone	Portland	7853 SW Cirrus Drive, Space 24-C	Beaverton	OR	97008
East	Philadelphia	Harrisburg	6345 Flank Dr Ste 100	Harrisburg	PA	17112
East	Philadelphia	Philadelphia	4110 Butler Pike, Bldg #1, Suite A104	Plymouth Meeting	PA	19462
East	Ohio Valley	Pittsburgh	1011 Alcon St	Pittsburgh	PA	15220
East	Virginia & Carolinas	Columbia	560 Chris Drive	West Columbia	SC	29169
West	Dallas	Austin	11100 Metric Blvd Ste 400	Austin	TX	78758
West	Houston	Beaumont - Satellite of Houston	820 Freeway Blvd.	Vidor	TX	77662
West	Houston	Corpus Christi	4410 Dillon Lane	Corpus Christi	TX	78415
West	Dallas	Dallas	1901 Glenville Dr Ste 702	Richardson	TX	75081
West	Dallas	Fort Worth	3900 Sandshell Dr	Fort Worth	TX	76137
West	Houston	Houston	9011 S. Sam Houston Pkwy W. Suite 100	Missourl City	TX	77489
West	Dallas	Lubbock	3005 50th Street	Lubbock	TX	79424
West	Houston	McAllen	200 North McColl Road	McAllen	TX	78501
West	Dallas	San Antonio	12029 Starcrest Drive	San Antonio	TX	78247
East	Mid-Atlantic	DC	21750 Red Rum Drive, Suite 192	Ashburn	VA	20147
East	Virginia & Carolinas	Richmond	2800 E. Parham Rd.	Richmond	VA	23228
East	Virginia & Carolinas	Roanoke	6720 Thirlane Road	Roanoke	VA	24019
East	Virginia & Carolinas	Virginia Beach	4018 Seaboard Court, Bldg 1, Suite 100	Portsmouth	VA	23701
East	Mid-Atlantic	Winchester	2400 Valley Avenue	Winchester	VA	22601
West	Stand Alone	Seattle	3215 South 116th Street, Suite 133	Tukwila	WA	98168
West	Stand Alone	Spokane	9310 E. Knox Street	Spokane	WA	97008
East	Chicago	Milwaukee	9000 N Deerbrook Trail	Brown Deer	WI	53223
East	Ohio Valley	Charleston	15 Mission Way	Scott Depot	WV	25560
East	Ohio Valley	Fairmont	503 Morgantown Avenue	Fairmont	WV	26554
West	Stand Alone	Green River/SLC satelite	400 N. 1st East	Green River	WY	82935

Updated: 2/8/2021

Totaline (Parts) Store Locations

Totaline Store Name	Street	City	State
SIGLER	4517 STANDARD ST	BAKERSFIELD	CA
SIGLER	205 S. PUENTE ST	BREA	CA
SIGLER	229 Littlefield Av Ste 4	BRISBANE	CA
SIGLER	20680 NORDHOFF ST	CHATSWORTH	CA
SIGLER	17745 VALLEY BOULEVARD	CITY OF INDUSTRY	CA
SIGLER	1920 MARK COURT	CONCORD	CA
SIGLER	2425 AUTO PARKWAY	ESCONDIDO	CA
SIGLER	2335/2345 LOS ANGELES	FRESNO	CA
SIGLER	2641 LINDSEY PRIVADO DRIVE	ONTARIO	CA
SIGLER	615 WEST GROVE AVENUE	ORANGE	CA
SIGLER	421 LOMBARD STREET	OXNARD	CA
SIGLER	73-605 DINAH SHORE	PALM DESERT	CA
SIGLER	19801 S RANCHO WAY	RANCHO DOMINGUEZ	CA
SIGLER	6450 SYCAMORE CANYON BLVD	RIVERSIDE	CA
SIGLER	1037 N MARKET BLVD	SACRAMENTO	CA
SIGLER	8615 23RD AVE	SACRAMENTO	CA
SIGLER	6650 TOP GUN STREET	SAN DIEGO	CA
SIGLER	4863 SHAWLINE STREET	SAN DIEGO	CA
SIGLER	1070 COMMERCIAL ST	SAN JOSE	CA
SIGLER	7615 N SAN FERNANDO RD	SUN VALLEY	CA
SLAKEY BROTHERS	2201 E. BRUNDAGE LANE	BAKERSFIELD	CA
SLAKEY BROTHERS	2301 PARK AVE.	CHICO	CA
SLAKEY BROTHERS	2460 BATES AVE.	CONCORD	CA
SLAKEY BROTHERS	2215 KAUSEN DRIVE	ELK GROVE	CA
SLAKEY BROTHERS	1190 WESTERN ST.	FAIRFIELD	CA
SLAKEY BROTHERS	4333 N. EFFIE	FRESNO	CA
SLAKEY BROTHERS	12301 LOMA RICA DR. SUITE E	GRASS VALLEY	CA
SLAKEY BROTHERS	26534 DANTI CT.	HAYWARD	CA
SLAKEY BROTHERS	1400 S. HIGHWAY 49	JACKSON	CA
SLAKEY BROTHERS	1001 OATES CT.	MODESTO	CA
SLAKEY BROTHERS	3201 ORANGE GROVE AVE.	NORTH HIGHLANDS	CA
SLAKEY BROTHERS	1200 INDUSTRIAL ST.	REDDING	CA
SLAKEY BROTHERS	30 STEIN AM RHEIN CT	REDWOOD CITY	CA
SLAKEY BROTHERS	328 ROEBLING RD.	S. SAN FRANCISCO	CA
SLAKEY BROTHERS	601 WORK ST.	SALINAS	CA
SLAKEY BROTHERS	863 SAVAKER ST.	SAN JOSE	CA
SLAKEY BROTHERS	321 ORANGE AVE.	SAND CITY	CA
SLAKEY BROTHERS	111 MADRONE	SANTA CRUZ	CA
SLAKEY BROTHERS	2845 DUKE CT.	SANTA ROSA	CA
SLAKEY BROTHERS	19450 INDUSTRIAL DR.	SONORA	CA
SLAKEY BROTHERS	2540 TEEPEE DR.	STOCKTON	CA
SLAKEY BROTHERS	545 BOYD ST.	YUBA CITY	CA
CARRIER WEST	215 W CIMARRON	COLORADO SPRINGS	CO
CARRIER WEST	4800 OSASGE	DENVER	CO
CARRIER WEST	8465 CONCORD CENTER DR	ENGLEWOOD	CO
CARRIER WEST	5009 FOSSIL BLVD	FORT COLLINS	CO

CARRIER NORTHEAST	70 MEADOW ST	HARTFORD	CT
CARRIER NORTHEAST	14 Industrial Park Place	Middletown	CT
CARRIER NORTHEAST	185 WALLACE ST	NEW HAVEN	CT
CARRIER NORTHEAST	4 WILTON AVE	NORWALK	CT
CARRIER NORTHEAST	650 LONG BEACH BOULEVARD	STRATFORD	CT
CARRIER ENTERPRISES FLORIDA	257 BRYAN ROAD	DANIA BEACH	FL
CARRIER ENTERPRISES FLORIDA	701 Fentress Blvd.	Daytona Beach	FL
CARRIER ENTERPRISES FLORIDA	7916 DREW CIRCLE	FORT MEYERS	FL
CARRIER ENTERPRISES FLORIDA	8691 WESTERN WAY	JACKSONVILLE	FL
CARRIER ENTERPRISES FLORIDA	931 ARMSTRONG BLVD	KISSIMMEE	FL
CARRIER ENTERPRISES FLORIDA	7370 124th Ave	LARGO	FL
CARRIER ENTERPRISES FLORIDA	7500-B TECHNOLOGY DR.	MELBOURNE	FL
CARRIER ENTERPRISES FLORIDA	4555 NW 72ND AVE.	MIAMI	FL
CARRIER ENTERPRISES FLORIDA	15975 S.W.117th Ave.	MIAMI	FL
CARRIER ENTERPRISES FLORIDA	1120 SW 12TH ST	OCALA	FL
CARRIER ENTERPRISES FLORIDA	3071 N ORANGE BLOSSOM TRAIL	ORLANDO	FL
CARRIER ENTERPRISES FLORIDA	2000 PARKS OAKS AVE.	ORLANDO	FL
CARRIER ENTERPRISES FLORIDA	3250 PARK CENTRAL BLVD NORTH	POMPANO BEACH	FL
CARRIER ENTERPRISES FLORIDA	1940 13TH ST	SARASOTA	FL
CARRIER ENTERPRISES FLORIDA	122 HAMILTON PARK DRIVE	TALLAHASSEE	FL
CARRIER ENTERPRISES FLORIDA	8656 ELM FAIR BLVD.	TAMPA	FL
CARRIER ENTERPRISES FLORIDA	1802 GRANT STREET	Tampa	FL
CARRIER ENTERPRISES FLORIDA	1500 N FLORIDA MANGO RD	WEST PALM BEACH	FL
MINGLEDORFF'S INC	76 Beal Parkway SW	FT WALTON BEACH	FL
MINGLEDORFF'S INC	3012 LISENBY AVE.	PANAMA CITY	FL
MINGLEDORFF'S INC	3867 N PALAFOX ST	PENSACOLA	FL
MINGLEDORFF'S INC	205 BALDWIN DR.	ALBANY	GA
MINGLEDORFF'S INC	1290 TACOMA DR.	ATLANTA	GA
MINGLEDORFF'S INC	3618 WRIGHTSBORO RD	AUGUSTA	GA
MINGLEDORFF'S INC	386 COMMERCE BLVD.	BOGART	GA
MINGLEDORFF'S INC	275 ROSE DRIVE	BRUNSWICK	GA
MINGLEDORFF'S INC	6201 WEST HAMILTON PARK DR	COLUMBUS	GA
MINGLEDORFF'S INC	335 GEES MILL BUSINESS PARKWAY	CONYERS	GA
MINGLEDORFF'S INC	5165 KENNEDY RD	FOREST PARK	GA
MINGLEDORFF'S INC	2472 HILTON DRIVE	GAINESVILLE	GA
MINGLEDORFF'S INC	2111 CEDARS ROAD	LAWRENCEVILLE	GA
MINGLEDORFF'S INC	320 THORTON RD	LITHIA SPRINGS	GA
MINGLEDORFF'S INC	5527 THOMASTON RD	MACON	GA
MINGLEDORFF'S INC	1811-A WEST OAK PKW	MARIETTA	GA
MINGLEDORFF'S INC	6675 JONES MILL CT	NORCROSS	GA
MINGLEDORFF'S INC	103 CENTRAL JUNCTION DR	SAVANNAH	GA

MINGLEDORFF'S INC	126 A WEST PARRISH ST	STATESBORO	GA
MINGLEDORFF'S INC	363 CONNELL RD.	VALDOSTA	GA
MINGLEDORFF'S INC	110 BYRD WAY	WARNER ROBINS	GA
CP DISTRIBUTORS	5529 NORDIC DRIVE	CEDAR FALLS	IA
CP DISTRIBUTORS	4101 121ST STREET	URBANDALE	IA
HABEGGER TOTALINE PARTS CENTER	865 33rd Avenue SW	Cedar Rapids	IA
SIGLER	300 N SAILFISH	BOISE	ID
HABEGGER TOTALINE PARTS CENTER	3 QUEST DRIVE	BLOOMINGTON	IL
HABEGGER TOTALINE PARTS CENTER	2220 W ALTORFER DR.	PEORIA	IL
HABEGGER TOTALINE PARTS CENTER	520 2ND STREET	ROCK ISLAND	IL
HARRY ALTER CO	4600 WEST 120TH STREET	ALSIP	IL
HARRY ALTER CO	222 N MAPLEWOOD	CHICAGO	IL
HARRY ALTER CO	5940 N NORTHWEST HWY	CHICAGO	IL
HARRY ALTER CO	1313 TIMBER DR	ELGIN	IL
HARRY ALTER CO	951 E. OAKTON ST	ELK GROVE VILLAGE	IL
HARRY ALTER CO	2095 OAK LEAF ST	JOLIET	IL
HARRY ALTER CO	17725 VOLBRECHT RD	LANSING	IL
HARRY ALTER CO	912A EAST PARK AVE	LIBERTYVILLE	IL
HARRY ALTER CO	8542 W. 43rd St	LYONS	IL
HARRY ALTER CO	2055 N RUBY ST	MELROSE PARK	IL
HARRY ALTER CO	1661 W QUINCY	NAPERVILLE	IL
HARRY ALTER CO	162 NORTHFIELD RD	NORTHFIELD	IL
HARRY ALTER CO	1818 18TH AVE	ROCKFORD	IL
HARRY ALTER CO	18500 NORTH CREEK DRIVE	TINLEY PARK	IL
CP DISTRIBUTORS	15470 W 110th Street	LENEXA	KS
CP DISTRIBUTORS	3005 WEST HARRY	WICHITA	KS
HABEGGER TOTALINE PARTS CENTER	955 LOVERS LANE	BOWLING GREEN	KY
HABEGGER TOTALINE PARTS CENTER	10100 TOEBBEN DR.	INDEPENDENCE	KY
HABEGGER TOTALINE PARTS CENTER	1760 JAGGIE FOX WAY	LEXINGTON	KY
HABEGGER TOTALINE PARTS CENTER	11112 DECIMAL DRIVE	LOUISVILLE	KY
KOCH AIR LLC	132 TRADE STREET	LEXINGTON	KY
KOCH AIR LLC	2600 BLANKENBAKER PARKWAY	LOUISVILLE	KY
KOCH AIR LLC	634 S 24TH ST	PADUCAH	KY
BRYANT NORTHEAST	101B MILLBURY ST	AUBURN	MA
BRYANT NORTHEAST	655 BODWELL ST EXT	AVON	MA
BRYANT NORTHEAST	192 AIRPORT ROAD	HYANNIS	MA
BRYANT NORTHEAST	467 COTTAGE ST	SPRINGFIELD	MA
BRYANT NORTHEAST	130 COMMERCE WAY	WOBURN	MA
DIST CORP OF NEW ENGLAND	767 EASTERN AVE.	MALDEN	MA
DIST CORP OF NEW ENGLAND	384 UNIVERSITY AVENUE	WESTWOOD	MA
BEHLER YOUNG	2440 S INDUSTRIAL HIGHWAY	ANN ARBOR	MI
BEHLER YOUNG	1501 S. TELEGRAPH RD.	BLOOMFIELD HILLS	MI
BEHLER YOUNG	3419 LEPEER RD	FLINT	MI
BEHLER YOUNG	4900 CLYDE PARK SW	GRAND RAPIDS	MI
BEHLER YOUNG	1411 E. HIGH ST.	JACKSON	MI
BEHLER YOUNG	929 SECOND ST	KALAMAZOO	MI

BEHLER YOUNG	3100 WEST MAIN	LANSING	MI
BEHLER YOUNG	11939 MERRIMAN RD.	LIVONIA	MI
BEHLER YOUNG	2501 ROBERTS ST.	MUSKEGON	MI
BEHLER YOUNG	30158 RESEARCH DR	NEW HUDSON	MI
BEHLER YOUNG	3225 ENTERPRISE	SAGINAW	MI
BEHLER YOUNG	13301 HURON DR.	TAYLOR	MI
BEHLER YOUNG	1244 E CARVER ST	TRAVERSE CITY	MI
BEHLER YOUNG	26444 GROESBECK HGWY	WARREN	MI
CARRIER GREAT LAKES	3229 E. BRISTOL RD.	BURTON	MI
CARRIER GREAT LAKES	4245 CLAY AVE SW	GRAND RAPIDS	MI
CARRIER GREAT LAKES	5633 LAMONE DR	LANSING	MI
CARRIER GREAT LAKES	33601 SCHOOLCRAFT RD	LIVONIA	MI
CARRIER GREAT LAKES	25799 COMMERCE DRIVE	MADISON HEIGHTS	MI
AUER STEEL	865 XENIUM LANE N	PLYMOUTH	MN
MINNESOTA AIR	9650 JAMES AVE SOUTH	BLOOMINGTON	MN
MINNESOTA AIR	6901 W. OLD SHAKOPEE RD.	BLOOMINGTON	MN
MINNESOTA AIR	5524 LAKELAND AVE. NORTH	CRYSTAL	MN
MINNESOTA AIR	6866 33RD ST.	OAKDALE	MN
CP DISTRIBUTORS	1611 BURLINGTON	COLUMBIA	MO
CP DISTRIBUTORS	1821 BEDFORD AVE	N KANSAS CITY	MO
CP DISTRIBUTORS	1360 E Chestnut Expressway	Springfield	MO
KOCH AIR - ST. LOUIS	3141 RIVERPORT TECH CENTER DRIVE	MARYLAND HEIGHTS	MO
CP DISTRIBUTORS	1224 AIRPORT RD.	BISMARCK	ND
CP DISTRIBUTORS	13202 "I" STREET	OMAHA	NE
BRYANT NORTHEAST	21-31 COLONIAL DR	PISCATAWAY	NJ
CARRIER NORTHEAST	1935 SWARTMORE AVE	LAKEWOOD	NJ
CARRIER NORTHEAST	241 CLINTON RD	WEST CALDWELL	NJ
PEIRCE PHELPS INC	1603 N. OLDEN AVE.	EWING	NJ
PEIRCE PHELPS INC	1053 THOMAS BUSH HWY	PENNSAUKEN	NJ
PEIRCE PHELPS INC	6579 DELILAH RD.	PLEASANTVILLE	NJ
PEIRCE PHELPS INC	3254 NORTH MILL RD	VINELAND	NJ
SIGLER	3330 PAN AMERICAN FREEWAY NE	ALBUQUERQUE	NM
BEHLER YOUNG	1225 E.MANHATTAN BLVD.	TOLEDO	OH
CARRIER GREAT LAKES	562 S REYNOLDS RD	TOLEDO	OH
HABEGGER TOTALINE PARTS CENTER	250 HOPETOWN RD	CHILLICOTHE	OH
HABEGGER TOTALINE PARTS CENTER	11443 ENTERPRISE PARK DR.	CINCINNATI	OH
HABEGGER TOTALINE PARTS CENTER	4995 WINTON RD	CINCINNATI	OH
HABEGGER TOTALINE PARTS CENTER	3079 SILVER DR	COLUMBUS	OH
HABEGGER TOTALINE PARTS CENTER	624 E FIRST ST	DAYTON	OH
HABEGGER TOTALINE PARTS CENTER	755 INDUSTRY DR	LIMA	OH
HABEGGER TOTALINE PARTS CENTER	11413 Enterprise Park Dr.	Sharonville	OH
HABEGGER TOTALINE PARTS CENTER	226 SOUTH 8TH	UPPER SANDUSKY	OH
HABEGGER TOTALINE PARTS CENTER	1169 NEWARK RD.	ZANESVILLE	OH
REFRIGERATION SALES CORP	175 EAST SOUTH STREET	AKRON	OH

REFRIGERATION SALES CORP	1635 MARKET AVENUE SW	CANTON	OH
REFRIGERATION SALES CORP	3405 PERKINS AVE	CLEVELAND	OH
REFRIGERATION SALES CORP	822 Cleveland Ave	Columbus	OH
REFRIGERATION SALES CORP	189 WARDEN AVE	ELYRIA	OH
REFRIGERATION SALES CORP	1468 NORTH MAIN STREET	MANSFIELD	OH
REFRIGERATION SALES CORP	8573 EAST AVE	MENTOR	OH
REFRIGERATION SALES CORP	3904 TIFFIN AVE.	SANDUSKY	OH
REFRIGERATION SALES CORP	9450 ALLEN DRIVE	VALLEY VIEW	OH
REFRIGERATION SALES CORP	643 N MERIDIAN RD	YOUNGSTOWN	OH
AIREFCO/HADCO SUPPLY	211 SE YAMHILL	PORTLAND	OR
AIREFCO/HADCO SUPPLY	18091 SW LOWER BOONES FERRY RD	TIGARD	OR
AIREFCO/HADCO SUPPLY	18755 SW TETON	TUALATIN	OR
BRYANT NORTHEAST	1825 PENINSULA DR	ERIE	PA
BRYANT NORTHEAST	720 LACOCK STREET	PITTSBURGH	PA
PEIRCE PHELPS INC	914 MARCON BLVD	ALLENTOWN	PA
PEIRCE PHELPS INC	3600 PROGRESS DRIVE	BENSALEM	PA
PEIRCE PHELPS INC	651 PARK WAY	BROOMALL	PA
PEIRCE PHELPS INC	490 SOUTH ST JOHNS CHURCH RD	CAMP HILL	PA
PEIRCE PHELPS INC	360 STEEL WAY	LANCASTER	PA
PEIRCE PHELPS INC	603 GENERAL WASHINGTON AVE	NORRISTOWN	PA
PEIRCE PHELPS INC	2000 NORTH 59TH ST.	PHILADELPHIA	PA
PEIRCE PHELPS INC	2551A CAROLEAN INDUSTRIAL DR	STATE COLLEGE	PA
PEIRCE PHELPS INC	43 CONYNGHAM AVE	WILKES-BARRE	PA
PEIRCE PHELPS INC	2251 INDUSTRIAL HIGHWAY	YORK	PA
STANDARD AIR & LITE	901 WEST 12TH ST	ERIE	PA
STANDARD AIR & LITE	1034 CORPORATE DRIVE	EXPORT	PA
STANDARD AIR & LITE	2406 WOODMERE DR	PITTSBURGH	PA
CARRIER ENTERPRISES SOUTHEAST	4460 TILE DR	CHARLESTON	SC
CARRIER ENTERPRISES SOUTHEAST	230 BUSINESS PARK BLVD.	COLUMBIA	SC
CARRIER ENTERPRISES SOUTHEAST	1505 N. SCHLITZ DR.	FLORENCE	SC
CARRIER ENTERPRISES SOUTHEAST	1025 LOWNDES HILL RD	GREENVILLE	SC
CARRIER ENTERPRISES SOUTHEAST	1608 EXECUTIVE AVE	MYRTLE BEACH	SC
MINGLEDORFF'S INC	21-A HUNTER RD.	HILTON HEAD	SC
CARRIER ENTERPRISES SOUTH CENTRAL	5402 NORTH FIRST ST	ABILENE	TX
CARRIER ENTERPRISES SOUTH CENTRAL	1925 I-10 EAST	BEAUMONT	TX
CARRIER ENTERPRISES SOUTH CENTRAL	3761 FM 802	BROWNSVILLE	TX
CARRIER ENTERPRISES SOUTH CENTRAL	2000 LUNA RD	CARROLLTON	TX
CARRIER ENTERPRISES SOUTH CENTRAL	10450 STATE HWY 30	COLLEGE STATION	TX
CARRIER ENTERPRISES SOUTH CENTRAL	321 JUNIOR BECK	CORPUS CHRISTI	TX
CARRIER ENTERPRISES SOUTH CENTRAL	5050 INVESTMENT DRIVE	DALLAS	TX
CARRIER ENTERPRISES SOUTH CENTRAL	3737 GRADER ST	GARLAND	TX

CARRIER ENTERPRISES SOUTH CENTRAL	2318 PECAN COURT	HALTOM CITY	TX
CARRIER ENTERPRISES SOUTH CENTRAL	11511 S SAM HOUSTON PARKWAY EAST	HOUSTON	TX
CARRIER ENTERPRISES SOUTH CENTRAL	7100 BUSINESS PARK DRIVE	HOUSTON	TX
CARRIER ENTERPRISES SOUTH CENTRAL	11727 S SAM HOUSTON PKWY	HOUSTON	TX
CARRIER ENTERPRISES SOUTH CENTRAL	16230 PORT NORTHWEST	HOUSTON	TX
CARRIER ENTERPRISES SOUTH CENTRAL	3000 NORTH HIBISCUS	PHARR	TX
CARRIER ENTERPRISES SOUTH CENTRAL	12625 WETMORE RD	SAN ANTONIO	TX
CARRIER ENTERPRISES SOUTH CENTRAL	6900 ALAMO DOWNS	SAN ANTONIO	TX
CARRIER ENTERPRISES SOUTH CENTRAL	220 SPRING HILL DRIVE	SPRING	TX
CARRIER ENTERPRISES SOUTH CENTRAL	1019 N ROBINSON RD	TEXARKANA	TX
CARRIER ENTERPRISES SOUTH CENTRAL	2323 BROUSSARD ST	TYLER	TX
CARRIER ENTERPRISES SOUTH CENTRAL	3234 CLAY AVENUE	WACO	TX
MADDEN INDUSTRIES	801 S. HAYDEN	AMARILLO	TX
MADDEN INDUSTRIES	2124 D EAST ST ELMO	AUSTIN	TX
MADDEN INDUSTRIES	1100 KRAMER LANE	AUSTIN	TX
MADDEN INDUSTRIES	704 HWY 71 BLDG C	BASTROP	TX
MADDEN INDUSTRIES	6021 43RD ST	LUBBOCK	TX
MADDEN INDUSTRIES	710 INDUSTRIAL BLVD	MARBLE FALLS	TX
MADDEN INDUSTRIES	#17 E INDUSTRIAL LOOP	MIDLAND	TX
MADDEN INDUSTRIES	1800 EAST 7TH	ODESSA	TX
MADDEN INDUSTRIES	14 WEST AVENUE B	SAN ANGELO	TX
MADDEN INDUSTRIES	2061 CLOVIS R BARKER RD	SAN MARCOS	TX
SIGLER	9431 CARNEGIE AVE	EL PASO	TX
CARRIER ENTERPRISES MID-ATLANTIC	5230 EISENHOWER AVE	ALEXANDRIA	VA
CARRIER ENTERPRISES MID-ATLANTIC	212-C INDUSTRIAL CT	FREDERICKSBURG	VA
CARRIER ENTERPRISES MID-ATLANTIC	321 ED WRIGHT LANE	NEWPORT NEWS	VA
CARRIER ENTERPRISES MID-ATLANTIC	3501 PROGRESS RD	NORFOLK	VA
CARRIER ENTERPRISES MID-ATLANTIC	2300 WESTMORELAND ST	RICHMOND	VA
CARRIER ENTERPRISES MID-ATLANTIC	3517 AERIAL WAY DR SW	ROANOKE	VA
CARRIER ENTERPRISES MID-ATLANTIC	8981 White Pine Road	Richmond	VA
CARRIER ENTERPRISES MID-ATLANTIC	22630 DULLES SUMMIT CT	STERLING	VA
CARRIER ENTERPRISES MID-ATLANTIC	255 FORT COLLIER ROAD	WINCHESTER	VA
SHORE DISTRIBUTOR	20474 WASHINGTON ST	ONLEY	VA
AIREFCO/HADCO SUPPLY	2986 70TH AVENUE	FIFE	WA
AIREFCO/HADCO SUPPLY	501 N. QUAY ST.	KENNEWICK	WA
AIREFCO/HADCO SUPPLY	11005 117TH PL. NE	KIRKLAND	WA
AIREFCO/HADCO SUPPLY	2500 AIRPORT WAY SOUTH	SEATTLE	WA
AIREFCO/HADCO SUPPLY	730 EAST FIRST AVENUE	SPOKANE	WA
AUER STEEL	2935 WEST SILVER SPRING DRIVE	MILWAUKEE	WI

AUER STEEL	4606 S. TAYLOR DRIVE	SHEBOYGAN	WI
AUER STEEL	1671 RENAISSANCE BLVD	STURTEVANT	WI
AUER STEEL	21795A DORAL RD	WAUKESHA	WI
AUER STEEL	5302 SCHOFIELD AVE.	WESTON	WI
TEMPERATURE SYSTEMS INC	2200 S ASHLAND AVE	GREEN BAY	WI
TEMPERATURE SYSTEMS INC	5001 VOGES ROAD	MADISON	WI
CARRIER ENTERPRISES MID-ATLANTIC	4970C TEAYS VALLEY ROAD	SCOTT DEPOT	WV
STANDARD AIR & LITE	ROUTE 2	SHINNSTON	WV

Distributors

Organization name	Address 1	Address 2	City	State	Zip
SIGLER	7021 SCHIRRA COURT	SUITE A	BAKERSFIELD	CA	93313
SIGLER	205 S. PUENTE ST		BREA	CA	92821
SIGLER	20680 NORDHOFF ST		CHATSWORTH	CA	91311
SIGLER	1920 MARK COURT	SUITE 100	CONCORD	CA	94520
SIGLER	2335/2345 LOS ANGELES		FRESNO	CA	93721
AIREFCO, INC.	3985 70TH AVENUE E	SUITE A-1	FIFE	WA	98424
AIREFCO, INC.	501 N. QUAY ST.		KENNEWICK	WA	99336
AIREFCO, INC.	11005 117TH PL. NE		KIRKLAND	WA	98033
AIREFCO, INC.	2454 Occidental Avenue S	Suite 2A	SEATTLE	WA	98134
AIREFCO, INC.	730 EAST FIRST AVENUE		SPOKANE	WA	99202
SIGLER	15041 BAKE PARKWAY	SUITE L	IRVINE	CA	92618
SIGLER	15612 FIRST STREET		IRWINDALE	CA	91706
SIGLER	3648 E INDUSTRY AVENUE		LAKEWOOD	CA	90715
SIGLER	2641 LINDSEY PRIVADO DRIVE		ONTARIO	CA	91761
SIGLER	73-605 DINAH SHORE, BLDG. 1200		PALM DESERT	CA	92211
SIGLER	14751 MERIDIAN PARKWAY		RIVERSIDE	CA	92518
SIGLER	229 LITTLEFIELD AVE	SUITE 4	S. SAN FRANCISCO	CA	94080
SIGLER	8615 23RD AVE		SACRAMENTO	CA	95826
SIGLER	1037 N MARKET BLVD	STE 1	SACRAMENTO	CA	95834
SIGLER	6650 TOP GUN STREET		SAN DIEGO	CA	92121
SIGLER	1070 COMMERCIAL ST	SUITE 106	SAN JOSE	CA	95112
SIGLER	804-A RANCHEROS DRIVE		SAN MARCOS	CA	92069
SIGLER	2000 ANCHOR COURT	STE B	THOUSAND OAKS	CA	91320
SLAKEY BROTHERS	2201 E. BRUNDAGE LANE		BAKERSFIELD	CA	93307
SLAKEY BROTHERS	2301 PARK AVE.		CHICO	CA	95928
SLAKEY BROTHERS	2460 BATES AVE.		CONCORD	CA	94520
SLAKEY BROTHERS	1190 WESTERN ST.		FAIRFIELD	CA	94533
SLAKEY BROTHERS	4333 N. EFFIE		FRESNO	CA	93726
SLAKEY BROTHERS	12277 LOMA RICA DRIVE		GRASS VALLEY	CA	95945
SLAKEY BROTHERS	3395 ARDEN ROAD		HAYWARD	CA	94545
SLAKEY BROTHERS	1400 S. HIGHWAY 49		JACKSON	CA	95642
SLAKEY BROTHERS	1001 OATES CT.		MODESTO	CA	95358
SLAKEY BROTHERS	1200 INDUSTRIAL ST.		REDDING	CA	96002
SLAKEY BROTHERS	162 W HARRIS AVE		S SAN FRANCISCO	CA	94080
SLAKEY BROTHERS	601 WORK ST.		SALINAS	CA	93901
SLAKEY BROTHERS	1480 NICORA AVE		SAN JOSE	CA	95133
SLAKEY BROTHERS	321 ORANGE AVE.		SAND CITY	CA	93955
SLAKEY BROTHERS	2608 CHANTICLEER AVE		SANTA CRUZ	CA	95065
SLAKEY BROTHERS	2845 DUKE CT.		SANTA ROSA	CA	95407
SLAKEY BROTHERS	19450 INDUSTRIAL DR.		SONORA	CA	95370
SLAKEY BROTHERS	2540 TEEPEE DR.		STOCKTON	CA	95205
CARRIER WEST	215 W CIMARRON		COLORADO SPRINGS	CO	80903
CARRIER WEST	4800 OSASGE	Suite 100	DENVER	CO	80221
CARRIER WEST	8465 CONCORD CENTER DR		ENGLEWOOD	CO	80112
CARRIER WEST	5009 FOSSIL BLVD		FORT COLLINS	CO	80525
CE NORTHEAST	70 MEADOW ST		HARTFORD	CT	6114
CE NORTHEAST	14 INDUSTRIAL PARK PLACE		MIDDLETOWN	CT	6457
CE NORTHEAST	185 WALLACE ST		NEW HAVEN	CT	6511
CE NORTHEAST	4 WILTON AVE		NORWALK	CT	6851
CE NORTHEAST	650 LONG BEACH BOULEVARD		STRATFORD	CT	6615
CE FLORIDA	257 BRYAN ROAD		DANIA BEACH	FL	33004
CE FLORIDA	701 FENTRESS BLVD		DAYTONA BEACH	FL	32114
CE FLORIDA	7916 DREW CIRCLE	SUITE 6	FORT MYERS	FL	33967
CE FLORIDA	8691 WESTERN WAY		JACKSONVILLE	FL	32256
CE FLORIDA	931 ARMSTRONG BLVD		KISSIMMEE	FL	34741
CE FLORIDA	3515 REYNOLDS ROAD	STE 1	LAKELAND	FL	33803
CE FLORIDA	7370 124TH AVE NORTH		LARGO	FL	33773
CE FLORIDA	15975 S.W.117th Ave.		MIAMI	FL	33177
CE FLORIDA	4555 NW 72ND AVE.		MIAMI	FL	33166
CE FLORIDA	4701 NW 165TH ST		MIAMI GARDENS	FL	33014
CE FLORIDA	129 COMMERCIAL BLVD.		NAPLES	FL	34104
CE FLORIDA	5201 GULF DRIVE		NEW PORT RICHEY	FL	34652
CE FLORIDA	1120 SW 12TH ST	SUITE 100	OCALA	FL	34471
CE FLORIDA	2000 PARKS OAKS AVE.		ORLANDO	FL	32808
CE FLORIDA	3250 PARK CENTRAL BLVD NORTH		POMPANO BEACH	FL	33064
CE FLORIDA	665 NE ENTERPRISE DRIVE		PORT ST. LUCIE	FL	34986
CE FLORIDA	3830 ENTERPRISE WAY	STE 1102	SANFORD	FL	32771
CE FLORIDA	6412 PARKLAND DRIVE		SARASOTA	FL	34243
CE FLORIDA	122 HAMILTON PARK DRIVE		TALLAHASSEE	FL	32304
CE FLORIDA	1802 GRANT ST	SUITE 100	TAMPA	FL	33605
CE FLORIDA	4301 FORTUNE PLACE		WEST MELBOURNE	FL	32904
CE FLORIDA	1835 OLD OKEECHOBEE ROAD		WEST PALM BEACH	FL	33409
MINGLEDORFF'S INC	76 Beal Parkway SW		FT WALTON BEACH	FL	32547
MINGLEDORFF'S INC	3012 LISENBY AVE.		PANAMA CITY	FL	32405
MINGLEDORFF'S INC	3867 N PALAFOX ST		PENSACOLA	FL	32505
MINGLEDORFF'S INC	205 BALDWIN DR.		ALBANY	GA	31707
MINGLEDORFF'S INC	1290 TACOMA DR.		ATLANTA	GA	30318
MINGLEDORFF'S INC	3618 WRIGHTSBORO RD		AUGUSTA	GA	30909

MINGLEDORFF'S INC	105 WHITETAIL WAY		BOGART	GA	30622
MINGLEDORFF'S INC	275 ROSE DRIVE		BRUNSWICK	GA	31520
MINGLEDORFF'S INC	6201 WEST HAMILTON PARK DR		COLUMBUS	GA	31909
MINGLEDORFF'S INC	335 GEES MILL BUSINESS PARKWAY		CONYERS	GA	30013
MINGLEDORFF'S INC	5158 Kennedy Rd	SUITE C	FOREST PARK	GA	30297
MINGLEDORFF'S INC	2472 HILTON DRIVE		GAINESVILLE	GA	30501
MINGLEDORFF'S INC	2111 CEDARS ROAD, BUILDING A		LAWRENCEVILLE	GA	30043
CE NORTHEAST	467 COTTAGE STREET		SPRINGFIELD	MA	1104
CE NORTHEAST	1935 SWARTHMORE AVE	UNIT 5	LAKEWOOD	NJ	8701
CE NORTHEAST	21 COLONIAL DR #31		PISCATAWAY	NJ	8854
CE NORTHEAST	241 CLINTON RD		WEST CALDWELL	NJ	7006
MINGLEDORFF'S INC	320 THORTON RD	Suite 106	LITHIA SPRINGS	GA	30122
MINGLEDORFF'S INC	5527 THOMASTON RD		MACON	GA	31209
MINGLEDORFF'S INC	1811-A WEST OAK PKW		MARIETTA	GA	30062
MINGLEDORFF'S INC	6675 JONES MILL CT		NORCROSS	GA	30092
MINGLEDORFF'S INC	103 CENTRAL JUNCTION DR		SAVANNAH	GA	31405
MINGLEDORFF'S INC	126 A WEST PARRISH ST		STATESBORO	GA	30458
MINGLEDORFF'S INC	363 CONNELL RD.		VALDOSTA	GA	31602
MINGLEDORFF'S INC	110 BYRD WAY		WARNER ROBINS	GA	31088
CP DISTRIBUTORS	5529 NORDIC DRIVE		CEDAR FALLS	IA	50613
CP DISTRIBUTORS	4101 121ST STREET		URBANDALE	IA	50323-2310
HABEGGER TOTALINE PARTS CENTER	865 33rd Avenue SW		Cedar Rapids	IA	52404
HABEGGER TOTALINE PARTS CENTER	6050 WEDEKING, BLDG 13		EVANSVILLE	IN	47715
HABEGGER TOTALINE PARTS CENTER	7404 OPPORTUNITY DRIVE		FT WAYNE	IN	46825
HABEGGER TOTALINE PARTS CENTER	8219 NORTHWEST BLVD.		INDIANAPOLIS	IN	46278
HABEGGER TOTALINE PARTS CENTER	1600 KEPNER DRIVE	SUITE A	LAFAYETTE	IN	47905
HABEGGER TOTALINE PARTS CENTER	720 FELLOWS STREET		SOUTH BEND	IN	46601
HARRY ALTER CO	2303 N BENDIX DR		SOUTHBEND	IN	46628
HARRY ALTER CO	656 S WASHINGTON ST		VALPARAISO	IN	46383
KOCH AIR LLC	1900 W. LLOYD EXPRESSWAY		EVANSVILLE	IN	47712
KOCH AIR LLC	5331 KEYSTONE DR		FT. WAYNE	IN	46825
KOCH AIR LLC	5620 DIVIDEND RD.		INDIANAPOLIS	IN	46241
CP DISTRIBUTORS	15470 W 110th Street		LENEXA	KS	66219
CP DISTRIBUTORS	3005 WEST HARRY		WICHITA	KS	67213
HABEGGER TOTALINE PARTS CENTER	955 LOVERS LANE		BOWLING GREEN	KY	42103
HABEGGER TOTALINE PARTS CENTER	10100 TOEBBEN DR.		INDEPENDENCE	KY	41051
HABEGGER TOTALINE PARTS CENTER	1760 JAGGIE FOX WAY		LEXINGTON	KY	40511
HABEGGER TOTALINE PARTS CENTER	11112 DECIMAL DRIVE		LOUISVILLE	KY	40299
HABEGGER TOTALINE PARTS CENTER	835 NORTH HC MATHIS DR		PADUCAH	KY	42001
KOCH AIR LLC	132 TRADE STREET		LEXINGTON	KY	40511
KOCH AIR LLC	2600 BLANKENBAKER PARKWAY		LOUISVILLE	KY	40299
KOCH AIR LLC	634 S 24TH ST		PADUCAH	KY	42003
BEHLER YOUNG	2440 S INDUSTRIAL HIGHWAY		ANN ARBOR	MI	48104
BEHLER YOUNG	1501 S. TELEGRAPH RD.		BLOOMFIELD HILLS	MI	48302
BEHLER YOUNG	3419 LEPEER RD		FLINT	MI	48503
BEHLER YOUNG	4900 CLYDE PARK SW		GRAND RAPIDS	MI	49509
BEHLER YOUNG	1411 E. HIGH ST.		JACKSON	MI	49203
BEHLER YOUNG	929 SECOND ST		KALAMAZOO	MI	49001
DIST CORP OF NEW ENGLAND	767 EASTERN AVE.		MALDEN	MA	2148
DIST CORP OF NEW ENGLAND	22 MARY B LANE		PLYMOUTH	MA	2360
DIST CORP OF NEW ENGLAND	384 UNIVERSITY AVENUE		WESTWOOD	MA	2090
BEHLER YOUNG	3100 WEST MAIN		LANSING	MI	48917
CENTER	3 QUEST DRIVE	STE 106-108	BLOOMINGTON	IL	61704
CENTER	2220 W ALTORFER DR.		PEORIA	IL	61615
CENTER	520 2ND STREET		ROCK ISLAND	IL	61201
CENTER	2900 OLD ROCHESTER RD		SPRINGFIELD	IL	62703
BEHLER YOUNG	11939 MERRIMAN RD.		LIVONIA	MI	48150
BEHLER YOUNG	2501 ROBERTS ST.		MUSKEGON	MI	49444
BEHLER YOUNG	30158 RESEARCH DR		NEW HUDSON	MI	48165
BEHLER YOUNG	3225 ENTERPRISE		SAGINAW	MI	48603
BEHLER YOUNG	13301 HURON DR.		TAYLOR	MI	48180
BEHLER YOUNG	1244 E CARVER ST		TRAVERSE CITY	MI	49686
BEHLER YOUNG	26444 GROESBECK HGWY		WARREN	MI	48089
CARRIER GREAT LAKES	3229 E. BRISTOL RD.		BURTON	MI	48529
CARRIER GREAT LAKES	4245 CLAY AVE SW		GRAND RAPIDS	MI	49548
CARRIER GREAT LAKES	5633 LAMONE DR	SUITE A	LANSING	MI	48911
CARRIER GREAT LAKES	33601 SCHOOLCRAFT RD		LIVONIA	MI	48151
CARRIER GREAT LAKES	25799 COMMERCE DRIVE		MADISON HEIGHTS	MI	48071
AUER STEEL	865 XENIUM LANE N		PLYMOUTH	MN	55441

MINNESOTA AIR	9650 JAMES AVE SOUTH		BLOOMINGTON	MN	55431
MINNESOTA AIR	6901 W. OLD SHAKOPEE RD.		BLOOMINGTON	MN	55438
MINNESOTA AIR	5524 LAKELAND AVE. NORTH		CRYSTAL	MN	55422
MINNESOTA AIR	6866 33RD ST.	SUITE 80	OAKDALE	MN	55128
CP DISTRIBUTORS	1611 BURLINGTON		COLUMBIA	MO	65202
CP DISTRIBUTORS	2610 NE INDUSTRIAL DR	STE 200	N KANSAS CITY	MO	64117
CP DISTRIBUTORS	1360 E CHESTNUT EXPRESSWAY		SPRINGFIELD	MO	65802
KOCH AIR LLC	3141 RIVERPORT TECH CENTER DRIVE		MARYLAND HEIGHTS	MO	63043
HARRY ALTER CO	4600 WEST 120TH STREET		ALSIP	IL	60803
HARRY ALTER CO	2643 W. CHICAGO AVENUE		CHICAGO	IL	60622
HARRY ALTER CO	5830 N NORTHWEST HWY		CHICAGO	IL	60631
HARRY ALTER CO	810 EAST TERRA COTTA AVE	RT 176	CRYSTAL LAKE	IL	3614
HARRY ALTER CO	1313 TIMBER DR		ELGIN	IL	60123
HARRY ALTER CO	475 CROSSEN AVE		ELK GROVE VILLAGE	IL	60007
HARRY ALTER CO	2104 MCDONOUGH STREET		JOLIET	IL	60435
HARRY ALTER CO	17725 VOLBRECHT RD		LANSING	IL	60438
HARRY ALTER CO	912A EAST PARK AVE		LIBERTYVILLE	IL	60048
HARRY ALTER CO	2055 N RUBY ST		MELROSE PARK	IL	60160
HARRY ALTER CO	8150-B Lehigh Avenue		Morton Grove	IL	60053
HARRY ALTER CO	1661 W QUINCY	UNIT 115	NAPERVILLE	IL	60540
HARRY ALTER CO	100 Overland Drive		North Aurora	IL	60542
HARRY ALTER CO	162 NORTHFIELD RD		NORTHFIELD	IL	60093
HARRY ALTER CO	1818 18TH AVE		ROCKFORD	IL	61104
HARRY ALTER CO	5539 South Archer Road		Summit	IL	60501
HARRY ALTER CO	18500 NORTH CREEK DRIVE	EQUIPMENT CORP	TINLEY PARK	IL	60477
AIREFCO, INC.	1305 SOUTH 27TH ST WEST	SUITE 2	BILLNGS	MT	59102
AUER STEEL	855 12 AV NE		WEST FARGO	ND	58078
HOMANS ASSOCIATES	101B MILLBURY STREET		AUBURN	MA	1501
HOMANS ASSOCIATES	655 BODWELL ST		AVON	MA	2322
HOMANS ASSOCIATES	78 RIVER STREET		BRAINTREE	MA	2184
HOMANS ASSOCIATES	599 COMMERCE STREET		FALL RIVER	MA	2721
HOMANS ASSOCIATES	192 AIRPORT ROAD		HYANNIS	MA	2601
HOMANS ASSOCIATES	57 HICKS AVENUE		MEDFORD	MA	2155
HOMANS ASSOCIATES	155 NORTHBORO ROAD		SOUTHBOROUGH	MA	1772
HOMANS ASSOCIATES	250 BALLARDVALE STREET		WILMINGTON	MA	1887
HOMANS ASSOCIATES	130 COMMERCE WAY		WOBURN	MA	1801
CP DISTRIBUTORS	1340 AIRPORT RD.		BISMARCK	ND	58504
CP DISTRIBUTORS	13202 "I" STREET		OMAHA	NE	68137
SIGLER	3330 PAN AMERICAN FREEWAY NE		ALBUQUERQUE	NM	87107
BEHLER YOUNG	1225 E.MANHATTAN BLVD.		TOLEDO	OH	43608
CARRIER GREAT LAKES	562 S REYNOLDS RD		TOLEDO	OH	43615
HABEGGER TOTALINE PARTS CENTER	250 HOPETOWN RD		CHILLICOTHE	OH	45601
HABEGGER TOTALINE PARTS CENTER	4995 WINTON RD		CINCINNATI	OH	45232
HABEGGER TOTALINE PARTS CENTER	11443 ENTERPRISE PARK DR.		CINCINNATI	OH	45241
HABEGGER TOTALINE PARTS CENTER	3079 SILVER DR		COLUMBUS	OH	43224
HABEGGER TOTALINE PARTS CENTER	6700 POE AVENUE		DAYTON	OH	45414
HABEGGER TOTALINE PARTS CENTER	755 INDUSTRY DR		LIMA	OH	45804
HABEGGER TOTALINE PARTS CENTER	7580 WHIPPLE AVE NW		NORTH CANTON	OH	44720
HABEGGER TOTALINE PARTS CENTER	11413 Enterprise Park Dr.		Sharonville	OH	45241
HABEGGER TOTALINE PARTS CENTER	5525 CLOVERLEAF PARKWAY		VALLEY VIEW	OH	44125
HABEGGER TOTALINE PARTS CENTER	1098 N MERIDIAN RD		YOUNGSTOWN	OH	44509
HABEGGER TOTALINE PARTS CENTER	1169 NEWARK RD.		ZANESVILLE	OH	43701
REFRIGERATION SALES CORP	175 EAST SOUTH STREET		AKRON	OH	44311
REFRIGERATION SALES CORP	1635 MARKET AVENUE SW		CANTON	OH	44707
REFRIGERATION SALES CORP	4735 WEST 150th ST		CLEVELAND	OH	44135
REFRIGERATION SALES CORP	2571 SILVER STREET		COLUMBUS	OH	43211
REFRIGERATION SALES CORP	189 WARDEN AVE		ELYRIA	OH	44035
REFRIGERATION SALES CORP	8573 EAST AVE		MENTOR	OH	44060
REFRIGERATION SALES CORP	3904 TIFFIN AVE.		SANDUSKY	OH	44870
REFRIGERATION SALES CORP	9450 ALLEN DRIVE		VALLEY VIEW	OH	44125
REFRIGERATION SALES CORP	643 N MERIDIAN RD		YOUNGSTOWN	OH	44509
AIREFCO, INC.	2132 SAGE RD		MEDFORD	OR	97501
AIREFCO, INC.	211 SE YAMHILL		PORTLAND	OR	97214
AIREFCO, INC.	18091 SW LOWER BOONES FERRY RD		TIGARD	OR	97224
AIREFCO, INC.	18755 SW TETON		TUALATIN	OR	97062
BRYANT NORTHEAST	1825 PENINSULA DR		ERIE	PA	16505

BRYANT NORTHEAST	720 LACOCK STREET		PITTSBURGH	PA	15212
PEIRCE PHELPS INC	914 MARCON BLVD		ALLENTOWN	PA	18109
PEIRCE PHELPS INC	3600 PROGRESS DRIVE	STE 200	BENSALEM	PA	19020
PEIRCE PHELPS INC	1053 THOMAS BUSH HWY		PENNSAUKEN	NJ	8110
PEIRCE PHELPS INC	6579 DELILAH RD.	UNIT 4	PLEASANTVILLE	NJ	8232
PEIRCE PHELPS INC	1603 N. OLDEN AVE.		TRENTON	NJ	8638
PEIRCE PHELPS INC	2631 INDUSTRIAL WAY		VINELAND	NJ	8360
PEIRCE PHELPS INC	516 TOWNSHIP LINE RD		BLUE BELL	PA	19422
PEIRCE PHELPS INC	651 PARK WAY		BROOMALL	PA	19008
PEIRCE PHELPS INC	490 SOUTH ST JOHNS CHURCH RD		CAMP HILL	PA	17011
PEIRCE PHELPS INC	360 STEEL WAY		LANCASTER	PA	17601
PEIRCE PHELPS INC	603 GENERAL WASHINGTON AVE		NORRISTOWN	PA	19403
PEIRCE PHELPS INC	2000 NORTH 59TH ST.		PHILADELPHIA	PA	19131
PEIRCE PHELPS INC	800 CORPORATE DR		READING	PA	19605
PEIRCE PHELPS INC	2551A CAROLEAN INDUSTRIAL DR		STATE COLLEGE	PA	16801
PEIRCE PHELPS INC	5 BONAIR DR		WARMINSTER	PA	18974
PEIRCE PHELPS INC	101 Willowbrook Lane		West Chester	PA	19382
PEIRCE PHELPS INC	43 CONYNGHAM AVE		WILKES-BARRE	PA	18702
PEIRCE PHELPS INC	2251 INDUSTRIAL HIGHWAY		YORK	PA	17402
STANDARD AIR AND LITE	1241-D Freedom Road		Cranberry Township	PA	16066
STANDARD AIR AND LITE	901 WEST 12TH ST		ERIE	PA	16501
STANDARD AIR AND LITE	1034 CORPORATE DRIVE		EXPORT	PA	15632
STANDARD AIR AND LITE	2406 WOODMERE DR		PITTSBURGH	PA	15205
CE SOUTHEAST	4460 TILE DR		CHARLESTON	SC	29405
CE SOUTHEAST	230 BUSINESS PARK BLVD.		COLUMBIA	SC	29203
CE SOUTHEAST	1505 N. SCHLITZ DR.		FLORENCE	SC	29501
CE SOUTHEAST	1025 LOWNDES HILL RD		GREENVILLE	SC	29607
CE SOUTHEAST	1608 EXECUTIVE AVE		MYRTLE BEACH	SC	29577
CE SOUTHEAST	267 WILLOWBROOK AVE		ROCK HILL	SC	29730
CE SOUTHEAST	94 FAIRVIEW CHURCH RD		SPARTANBURG	SC	29303
MINGLEDORFF'S INC	21-A HUNTER RD.		HILTON HEAD	SC	29926
CE SOUTH CENTRAL	310 CHERRY ST		ABILENE	TX	79602
CE SOUTH CENTRAL	301 E. EXCHANGE		ALLEN	TX	75002
CE SOUTH CENTRAL	1925 I-10 EAST		BEAUMONT	TX	77701
CE SOUTH CENTRAL	3761 FM 802		BROWNSVILLE	TX	78521
CE SOUTH CENTRAL	2000 LUNA RD		CARROLLTON	TX	75006
CE SOUTH CENTRAL	10450 STATE HWY 30		COLLEGE STATION	TX	77845
CE SOUTH CENTRAL	321 JUNIOR BECK		CORPUS CHRISTI	TX	78405
CE SOUTH CENTRAL	5050 INVESTMENT DRIVE	SUITE 106	DALLAS	TX	75236
CE SOUTH CENTRAL	2462 MERRITT DRIVE		GARLAND	TX	75041
CE SOUTH CENTRAL	2318 PECAN COURT		HALTOM CITY	TX	76117
CE SOUTH CENTRAL	11727 S SAM HOUSTON PKWY		HOUSTON	TX	77031
CE SOUTH CENTRAL	11511 S SAM HOUSTON PARKWAY EAST	SUITE H	HOUSTON	TX	77089
CE SOUTH CENTRAL	7100 BUSINESS PARK DRIVE	SUITE D	HOUSTON	TX	77041
CE SOUTH CENTRAL	16230 PORT NORTHWEST		HOUSTON	TX	77041
CE SOUTH CENTRAL	3000 NORTH HIBISCUS		PHARR	TX	78577
CE SOUTH CENTRAL	12625 WETMORE RD	SUITE 418	SAN ANTONIO	TX	78247
CE SOUTH CENTRAL	6900 ALAMO DOWNS		SAN ANTONIO	TX	78238
CE SOUTH CENTRAL	220 SPRING HILL DRIVE	SUITE 250	SPRING	TX	77386
CE SOUTH CENTRAL	1019 N ROBINSON RD		TEXARKANA	TX	75501
CE SOUTH CENTRAL	2323 BROUSSARD ST		TYLER	TX	75701
CE SOUTH CENTRAL	3234 CLAY AVENUE		WACO	TX	76711
ROBERT MADDEN INDUSTRIES	801 S. HAYDEN		AMARILLO	TX	79101
ROBERT MADDEN INDUSTRIES	2124 D EAST ST ELMO		AUSTIN	TX	78744
ROBERT MADDEN INDUSTRIES	1100 KRAMER LANE	SUITE 101	AUSTIN	TX	78758
ROBERT MADDEN INDUSTRIES	244 FM 1209		CEDAR CREEK	TX	78612
ROBERT MADDEN INDUSTRIES	4101-A TRIMMIER RD		KILLEEN	TX	76542
ROBERT MADDEN INDUSTRIES	6021 43RD ST		LUBBOCK	TX	79408
ROBERT MADDEN INDUSTRIES	710 INDUSTRIAL BLVD		MARBLE FALLS	TX	78654
ROBERT MADDEN INDUSTRIES	3000 N FM 1788		MIDLAND	TX	79707
ROBERT MADDEN INDUSTRIES	14 WEST AVENUE B		SAN ANGELO	TX	76903
ROBERT MADDEN INDUSTRIES	2110 CLOVIS R BARKER RD		SAN MARCOS	TX	78666
SIGLER	7250 COPPER QUEEN DRIVE	SUITE A	EL PASO	TX	79925
CE MID-ATLANTIC	5230 EISENHOWER AVE		ALEXANDRIA	VA	22304
CE MID-ATLANTIC	1545 CROSSWAYS BLVD		CHESAPEAKE	VA	23320
CE MID-ATLANTIC	117 VISTA CENTRE DR		FOREST	VA	24551
CE MID-ATLANTIC	212-C INDUSTRIAL CT		FREDERICKSBURG	VA	22408
CE MID-ATLANTIC	321 ED WRIGHT LANE	SUITE F	NEWPORT NEWS	VA	23606
CE MID-ATLANTIC	2300 WESTMORELAND ST		RICHMOND	VA	23230
CE MID-ATLANTIC	8981 WHITE PINE ROAD		RICHMOND	VA	23237
CE MID-ATLANTIC	3517 AERIAL WAY DR SW		ROANOKE	VA	24018
CE MID-ATLANTIC	22675 DULLES SUMMIT CT	SUITE 150	STERLING	VA	20166
CE MID-ATLANTIC	255 FORT COLLIER ROAD	SUITE B	WINCHESTER	VA	22603
CE MID-ATLANTIC	15005 FARM CREEK DRIVE	SUITE 101	WOODBRIDGE	VA	22191
SHORE DISTRIBUTOR	20474 WASHINGTON ST		ONLEY	VA	23418
AUER STEEL	3050 PROGRESS RD		MADISON	WI	53716
AUER STEEL	2935 WEST SILVER SPRING DRIVE		MILWAUKEE	WI	53209
AUER STEEL	785 COUNTY RD CB STE 200		NEENAH	WI	54956
AUER STEEL	4606 S. TAYLOR DRIVE		SHEBOYGAN	WI	53082
AUER STEEL	1671 RENAISSANCE BLVD		STURTEVANT	WI	53177
AUER STEEL	21795A DORAL RD		WAUKESHA	WI	53186
TEMPERATURE SYSTEMS INC	2200 S ASHLAND AVE	P.O. BOX 12088	GREEN BAY	WI	54304
TEMPERATURE SYSTEMS INC	5001 VOGES ROAD	P.O. BOX 8030	MADISON	WI	53718

CE MID-ATLANTIC	235B SHINN LANE		RIPLEY	WV	25271
CE MID-ATLANTIC	801 ASHBY AVE		S CHARLESTON	WV	25303
STANDARD AIR AND LITE	ROUTE 2	BOX 841	SHINNSTON	WV	26431

Carrier

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

2020

About this Report

102-50, 102-52, 102-54

The 2020 Environmental, Social & Governance Report (ESG) is Carrier's first ESG report as a stand-alone company, and covers performance for calendar year 2019. The policies and management practices referenced throughout this report were adopted prior to our separation from our prior parent company, United Technologies (UTC). Although the policies and practices have since been refined, they are subject to further change as Carrier continues to adapt its organizational approach as a newly public company.

The information and data included in this report are shared based on the best available information and data at publication and are subject to change. In some cases, information and data are estimated.

Revised August 28, 2020

TABLE OF CONTENTS

About this Report 2
CEO Letter 3
Carrier's Response to COVID-19 4
Report Highlights 5

ABOUT CARRIER 6
Our History 7
Our Business 9
Materiality & Stakeholder Engagement 11

INNOVATING FOR A SUSTAINABLE WORLD 13
Our Sustainable Innovation Strategy 14
Decarbonization 15
Research & Development 18
Accountability & Transparency 22
Policy & Partnerships 23

OPERATIONS 24
Operational Excellence 25
Product Safety & Quality 26
Our Suppliers 28
Environment, Health & Safety Management System 30
2020 Sustainability Goals Performance 31
Workplace Health & Safety 34
Our Facilities 36

OUR PEOPLE & CULTURE 37
Employer of Choice 38
Development & Career Progression 39
Culture & Engagement 42
Diversity & Inclusion 44
Total Rewards 47

COMMUNITIES 48
Our Focus Areas 49
Programs with a Purpose 50
Community Engagement 51

GOVERNANCE 52
Governance Frameworks 53
Ethics & Compliance 54
Cybersecurity & Data Protection 56

ESG INDICES 57
ESG Topics 58
GRI Content Index 60
SASB Disclosure 75
TCFD Disclosure 76

A Message from David Gitlin President & CEO, Carrier

At Carrier, delivering real value starts with our vision of creating solutions that matter for people and our planet. Never has that been more critical than it is today.

COVID-19 has fundamentally changed how we live and work. It has heightened our focus on employee health and safety, sped innovation to respond to real-world needs and reframed the ways we support our communities. In other words, we simply cannot talk about corporate responsibility without acknowledging where we are today.

Carrier provides essential products and services and, in turn, has helped to ensure optimal indoor air quality in hospitals, support the delivery of temperature-sensitive pharmaceuticals and enable safer indoor environments. That is why we quickly took action to protect our employees and our customers, implementing thermal screening, modifying our manufacturing lines to ensure social distancing, adding physical barriers and providing paid COVID leave and more.

We have shined a spotlight on the criticality of diversity and inclusion – specifically, not just talking about it, but acting on it. Through efforts like our ELEVATE: Women in Leadership program, we accelerated our plan to have women occupy half of our leadership roles by 2030. We have also launched a more focused Diversity & Inclusion strategy designed to meaningfully transform our workforce. The program is backed by measurable initiatives that will drive opportunities for all of our employees.

We remain focused on our commitment to the environment and doing our part to address climate change. As a leader in HVAC and refrigeration technologies, we know that the products and services we bring to market have a profound impact on the world's carbon footprint. We are committed to reducing the carbon impact from our operations, as well as from our products in use.

These important global issues highlight the comprehensive approach we are taking to drive wide-reaching, lasting improvement as a stand-alone company. The world has changed dramatically in such a short time, but our vision has never been clearer. And we are well positioned to make measurable changes that continue to build on our strong legacy of corporate responsibility.

To put a fine point on it, ESG is not a side activity at Carrier. It is core to our business – always has been – and we take pride in leading the way for future generations. That is why we continue to set aggressive goals, challenging ourselves to be better every day.

As we see it, creating solutions that matter for people and our planet is more than our vision, it is our promise.

David Gitlin
President & CEO, Carrier

Carrier's Response to COVID-19

The world abruptly and irrevocably changed in December, 2019. We did, too. As COVID-19 impacted China and then one country after another, Carrier swiftly took action to ensure continued support for our people, our customers and our communities.

Across our facilities worldwide, the health, safety and well-being of our employees and business partners remained of paramount importance and drove a comprehensive set of actions to establish a new way of operating, a new normal. These included limiting travel, deploying an enhanced hygiene program across our global operations, establishing clear guidelines for employees who might feel ill, restricting access to our facilities, and enhanced remote access for those sheltering in place.

At the same time, we remained laser-focused on innovating to deliver safe and healthy environments for our customers. From the rapid innovation of Carrier's OptiClean negative air machine to help hospitals fight the virus to the launch of Carrier's Healthy Buildings Program, our solutions are essential to healthy living.

In our communities we are working closely with our nonprofit community partners to understand their immediate needs and how we can help. Across the United States, India, Europe and China we have provided personal protective equipment (PPE) for healthcare workers, hospitals and service technicians. As millions of people are struggling from food insecurity during COVID-19, we are supporting organizations like Feeding America and its increased need for refrigerated transport and storage units for its network of food banks. As homes have become classrooms, we are collaborating with The Nature Conservancy to help students discover the natural world virtually through the support of Nature Lab, an online curriculum program for teachers and families.

That is what *The Carrier Way* is all about – creating solutions that matter to people and our planet, even in the most unprecedented of times. To learn more about all the actions we have taken, visit Carrier's COVID response page on corporate.carrier.com.

Report Highlights

103-2

Throughout our global operations, we are minimizing our environmental footprint and making investments that improve society. We are proud of our progress and hold ourselves accountable to having a measurable impact in all our efforts.[1]

2020 SUSTAINABILITY GOALS

To be completed by the end of 2020, based on 2015 as baseline year.

REDUCE GHG EMISSIONS BY 15%
Progress: 15% Reduction
(Goal Met)

REDUCE WATER CONSUMPTION BY 25%
Progress: 34% Reduction
(Goal Exceeded)

IMPLEMENT 100% WATER BEST MANAGEMENT PRACTICES
Progress: 83% Implementation
(In Progress)

REDUCE HAZARDOUS WASTE GENERATION BY 10%
Progress: 21% Reduction
(Goal Exceeded)

INCREASE WASTE RECYCLING RATE TO 90%
Progress: 94% Increase
(Goal Exceeded)

ELIMINATE USE OF CHLORINATED & BROMINATED SOLVENTS
Progress: 88% Elimination
(In Progress)

REDUCE ERGONOMIC RISK BY 50%
Progress: 62% Reduction
(Goal Exceeded)

REDUCE WORKERS' EXPOSURE TO HAZARDOUS SUBSTANCES
Progress: 90% Reduction
(In Progress)

Additional details on 2020 goal performance on pages 31 and 35

2019 HIGHLIGHTS

ENVIRONMENTAL

Our products have helped our customers to reduce the generation of
290M
metric tons of CO_2e since 2000

SOCIAL

30%+
female executives globally

$495M
with first-tier suppliers in all diverse categories

GOVERNANCE

75% independent directors and
25% diverse*

* Women or people of color

[1] These goals were set by UTC in 2016. While Carrier separated from UTC and became an independent public company in 2020, the data on this page reflects Carrier's progress toward these goals, which we continue to pursue as a new company.

ABOUT CARRIER

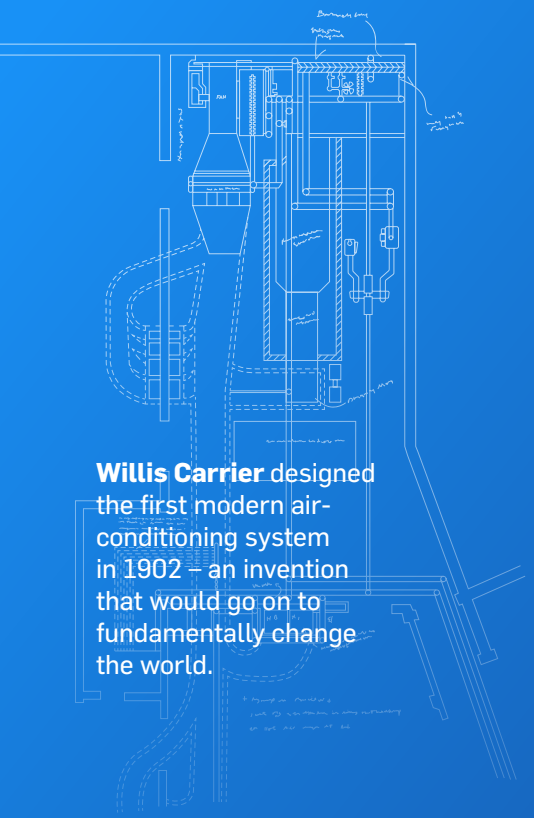
At Carrier, we see possibilities in everything.

We are a leading global provider of healthy, safe and sustainable building and cold chain solutions. Since our founding, we have led in creating solutions that matter for people and our planet. Today, our portfolio includes industry-leading brands such as Carrier, Kidde, Edwards, LenelS2 and Automated Logic that offer innovative HVAC, refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable for generations to come.

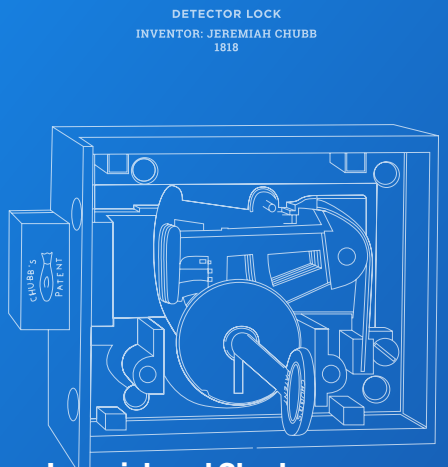
Our History

102-1, 102-2

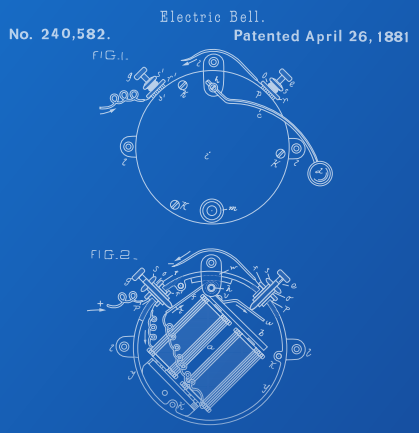
Carrier is built on a legacy of innovation, beginning with our founders. This culture of innovation supports our core strategy of developing smart, sustainable and efficient solutions to meet the complex challenges resulting from the megatrends of urbanization, climate change and increasing requirements for food safety driven by the needs of our growing global population, rising standards of living and increasing energy and environmental regulation.



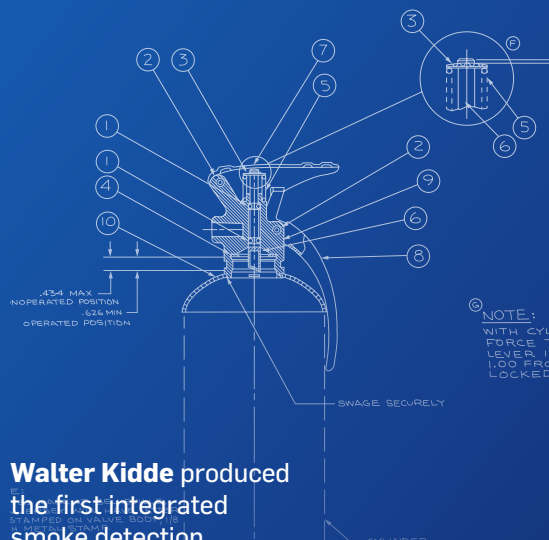
Willis Carrier designed the first modern air-conditioning system in 1902 – an invention that would go on to fundamentally change the world.



Jeremiah and Charles Chubb started their own lock company in 1820, and their work has set the standard for lock technology since the 19th century.



Robert Edwards obtained the first patent for an electric bell in 1881, with his company growing to encompass the largest industrial original equipment manufacturer and commercial installed base of signaling devices in the world.



Walter Kidde produced the first integrated smoke detection and carbon dioxide extinguishing system for use on board ships. Today Kidde is one of the world's largest manufacturers of fire safety products.

An Independent Carrier

Our technologies forged entire industries. We have built iconic brands. And now, as an independent, focused company, our best days are ahead of us.

In 2018, United Technologies Corporation announced its intention to spin off Carrier into a separate publicly traded company. On April 3, 2020, UTC completed that spinoff and Carrier became an independent, publicly traded company and our common stock is listed under the symbol “CARR” on the New York Stock Exchange. For more than a century, Carrier has been a symbol of excellence, and today, as a stand-alone company, we have defined our own strategy, vision, culture and priorities.

And we continue to contribute meaningfully to communities around the world through employee volunteerism and environmentally responsible operations, products and services. We embrace these new opportunities and look forward to this new chapter in our storied history.

Carrier direct reports to the CEO are **>50%** diverse.*

* Women or people of color

Carrier’s Executive Leadership Team: (from left to right) Chris Nelson, HVAC; Bobby George, Digital; Nadia Villeneuve, Human Resources; Chris Kmetz, Engineering; David Appel, Refrigeration; Kevin O’Connor, Legal; David Gitlin, President & CEO; Ajay Agrawal, Strategy & Services; Jurgen Timperman, Fire & Security; Tim McLevish, Finance; Mary Milmoe, Communications & Marketing; Rishi Grover, Operations; Eva Azoulay, Global Business Services & Transformation.

Our Business

102-6, 102-7, 201-1

Our company is organized into three business segments – HVAC, Refrigeration, and Fire & Security.

HVAC

Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of commercial and U.S. residential customers. Our HVAC systems enhance the overall performance, energy efficiency and sustainability of buildings and homes around the world. Through an industry-leading family of brands, including Carrier, Automated Logic, Bryant, CIAT, Day & Night, Heil, NORESCO and Riello, we offer an innovative and complete product portfolio, including air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions.

Refrigeration

Our Refrigeration segment helps protect and extend the world food and medicine supply with transport refrigeration and commercial refrigeration products and solutions. Carrier's transport refrigeration products and services include refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail. With these products and our cold chain monitoring solutions, we work to improve the cold chain and enable the safe, reliable transport of perishable cargo around the world in an environmentally sustainable way.

Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of retail food and beverage. Our Sensitech business provides targeted solutions and services for supply chain visibility – addressing quality and compliance, security, and logistics performance management. This segment includes our Carrier Commercial Refrigeration, Carrier Transicold and Sensitech brands.

Fire & Security

Our fire and security products encompass a wide range of residential and building systems. Our solutions include fire, flame, gas and smoke detection; portable fire extinguishers and commercial fire suppression systems; and intruder alarms, access control and video management systems. In addition, our fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance, repair and monitoring services. We sell fire detection and suppression technologies to protect a variety of structures, including homes, commercial buildings and industrial sites.

Our security solutions include access control, video surveillance, key management systems, electronic locks and mobile credentialing for a variety of commercial applications. In addition, our security solutions provide intrusion monitoring and life-safety solutions for the residential market. Our Fire & Security brands include Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Kidde, LenelS2, Marioff, Onity and Supra.

Markets Served

We have an extensive global footprint with 53,000 employees, including approximately 3,600 engineers, and our solutions are sold in over 160 countries. We sell our products and services directly to end customers and indirectly through distributors, independent sales representatives, wholesalers, dealers, channel partners and retail outlets.

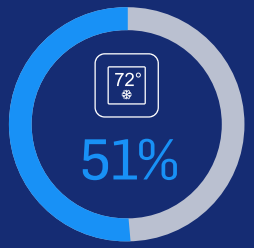
BY THE NUMBERS: CARRIER 2019 NET SALES BREAKDOWN

160+
COUNTRIES

$18.6B*
SALES

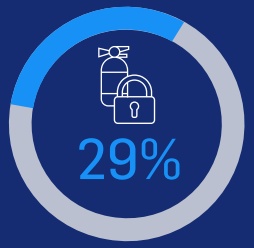
~53,000
EMPLOYEES

* Adjusted for Carve-out and Reclassifications Impact. Total Carrier Sales net of ($0.4B) of eliminations.



HVAC
COMMERCIAL & RESIDENTIAL
$9.7B
sales

REFRIGERATION
TRANSPORT & COMMERCIAL
$3.8B
sales



FIRE & SECURITY
PRODUCTS & FIELD
$5.5B
sales

- Americas 55%
- EMEA 30%
- Asia Pacific 15%

- New Equipment 72%
- Services & Aftermarket 28%

Materiality & Stakeholder Engagement

102-21, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47

Materiality Assessment

In 2020, Carrier completed our first materiality assessment to inform our ESG management and reporting. We used the GRI steps of identification, prioritization and validation to define the ESG topics most significant to Carrier and our stakeholders based on impacts, risks and opportunities. We identified relevant ESG topics through internal and external stakeholder interviews and research.

The Carrier ESG Steering Committee validated the results, which were endorsed by the Carrier Executive Leadership Team and Carrier's Board of Directors through its Governance Committee.

Carrier Reporting Topics*:

- Climate Change
- Community Engagement & Investment
- Corporate Governance
- Cybersecurity & Data Privacy
- Diversity & Inclusion
- Environmental Responsibility
- Ethics & Compliance
- Human & Labor Rights
- Innovation & Efficiency
- Occupational Health & Safety
- Product Safety & Quality
- Stakeholder Engagement
- Talent Attraction & Retention
- Tax Transparency

* Topics informed by internal and external stakeholder reviews

Stakeholder Engagement

We are committed to ongoing efforts to engage with, understand and respond to the expectations, needs and priorities of our stakeholders – those groups who impact or are impacted by our operations. Carrier regularly engages a wide range of stakeholders critical to our business.

HOW WE ENGAGE

Employees	We encourage feedback from our employees through regular employee surveys, town hall meetings, development conversations, online employee portals and through 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 aim to use that information to improve our products, services and operations.
Investors	We believe in transparent and open communications with investors. As a public company we will regularly engage with our shareowners on our financial performance, 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, and as a new stand-alone company, we intend to annually disclose federal and state lobbying activities and expenditures once we have information to report as a standalone company.
Communities	We support more than 250 civic, cultural, economic and social welfare organizations around the world, focused in the areas of STEM education, sustainability, safety and security, hunger and food waste, diversity and inclusion, and disaster relief.

INNOVATING FOR A SUSTAINABLE WORLD

Our vision is to create solutions that matter for people and our planet.

How we design, build and operate has profound implications for our planet.

We believe that climate change is the existential threat of our time, with implications for where we live, what we eat and drink, and our health. Buildings are responsible for 28% of global energy-related greenhouse gas emissions (GHG), of which HVAC is responsible for a fast growing, energy consuming activity. This represents the potential for smart, sustainable innovation – to which we are fully committed.

By 2030, the global middle class is expected to increase by 50%. By 2050, nearly 70% of the world's population will be living in urban centers. This migration presents unique challenges as urban centers become more densely populated, straining natural resources, the food supply and the infrastructure. As summers grow hotter, so does the need for access to affordable and sustainable cooling for health and well-being. Urbanization will also further separate people from where food is produced, requiring sustainable cold chains to improve efficiency and reduce food waste. Simply put – food waste is a climate change issue. If food waste were a country, it would be the third largest emitter of GHG, behind the U.S. and China.

We share the urgency for action and continue working toward solutions to help mitigate these impacts.

Our Sustainable Innovation Strategy

302-2, 302-5 Our Sustainable Innovation Strategy

We are committed to:

- **Decarbonization:** Developing solutions and technologies that reduce energy consumption and greenhouse gas emissions, and preserve resources for future generations.
- **Research & Development:** Investing in research and development, uncovering insights and creating the newest technological innovations for more sustainable solutions.
- **Accountability & Transparency:** Continuing to establish aggressive climate change goals and disclosing our progress in accordance with industry-leading reporting frameworks.
- **Policy & Partnerships:** Partnering with industry-leading groups and international organizations to drive large-scale climate action across continents.

Decarbonization

Our Approach

Our materiality assessment reaffirmed our focus on Innovation & Efficiency and Climate Change as two key areas of opportunity for reducing carbon emissions across our value chain.

Within our value chain, the largest opportunity for GHG reductions is within the use of our products.

In order to reduce our carbon footprint and align with our business priorities, we are committed to:

- **Increasing our focus in R&D.** Energy efficiency technologies and the transition to low-global warming potential (GWP) refrigerants will help reduce the greenhouse gas emissions associated with our products in use.
- **Extending cold chains in emerging markets.** Embedded emissions from food waste, which account for approximately 4.4 gigatons of GHG emissions globally each year, can be reduced through the adoption of cold chain technologies.
- **Expanding our reach into service.** Optimizing product performance to help our customers realize energy and GHG savings.
- **Accelerating the move to Digital.** Exploring machine learning and IoT connects products into intelligent systems that learn from user habits and adjust automatically, improving the efficiency of operations.

EcoEnergy Insights

EcoEnergy Insights is a leading provider of analytics-driven energy management and business outcome services, and part of the Carrier portfolio. It recently launched CORTIX, an advanced artificial intelligence and IoT platform that focuses on strategies to reduce operational costs, improve occupant comfort and safety, and inform smart equipment selections and upgrades. In November 2019, EcoEnergy Insights surpassed the milestone of over 3 billion kWh in overall total energy consumption reduction delivered to customers. EcoEnergy Insights was also recognized by Frost & Sullivan with its Frost Radar® best practices award for Growth, Innovation and Leadership in the global building energy management system (BEMS) segment.

Our Operations

Since 2006 and while we were part of UTC, we have achieved an annual goal of a 3% absolute reduction in our GHG emissions from operations, also referred to as Scope 1 and 2 emissions. This goal is aligned with the Science Based Target Initiative criteria and is consistent with the aims of the United Nations Intergovernmental Panel on Climate Change (IPCC) and other scientific body guidance on the annual GHG emission reductions necessary to limit average global atmospheric temperature increases to a maximum of 2 degrees Celsius by 2100.

Our strategy for reducing our Scope 1 and 2 GHG emissions centers on optimizing the energy efficiency of our facilities and service fleet. Our facilities routinely conduct energy audits to identify new energy-saving projects. We have also invested in new fuel-efficient vehicles for our service fleet.

Our Products

Carrier is committed to developing solutions and technologies that reduce energy consumption and GHG emissions. To us, this means reducing our Scope 3 emissions, or the GHG footprint of our customers and others along our value chain.

The Carrier CO_2NSERVATION Meter estimates avoided GHG emissions resulting from the installation of high-efficiency Carrier air-conditioning, heating and refrigeration systems and from energy service contracts. From 2000 to 2019, we estimate that our products have avoided nearly 300 million metric tons of greenhouse gas emissions, which is equal to taking more than 60 million cars off the road for one year.

Carrier has consistently invested in energy-efficient technologies and solutions to assist our customers in lowering energy demand and associated GHG emissions. The Carrier CO_2NSERVATION Meter compares the projected GHG emissions from select Carrier products to emissions from comparable baseline products, with the difference representing the estimated avoided emissions.

We are committed to providing energy-efficient, low climate impact products and solutions for our customers. We are actively engaged with regulatory authorities and trade associations, working collaboratively to pursue and implement industry-wide policies and initiatives that promote greater energy efficiency and lower GHG emissions in buildings.

In 2019, for the fifth year in a row, we released more than 100 new products. These provide integrated and effective services and solutions to customers as they work to achieve their own sustainability goals.

Our recent product highlights include:

Carrier's HVAC products balance performance with sustainability.

In 2019, we introduced the first Toshiba Carrier Variable Refrigerant Flow rooftop unit, which delivers greater energy efficiency than comparable models, offers ideal zoned comfort and is relatively easy to install. Another new product, the AquaEdge 19DV, incorporates world-class efficiency and uses an ultra-low GWP refrigerant, with zero ozone depletion and an A1 safety rating. Automated Logic introduced OptiPoint BACnet thermostats, which can be seamlessly integrated with its WebCTRL building automation system, giving occupants an easy way to control their comfort in hotels, dormitories, classrooms and offices.

Carrier's Transicold products are energy-efficient and low-GWP.

Carrier Transicold expanded its industry-leading product offerings with the new Vector HE (high efficiency) trailer refrigeration units, which can reduce fuel consumption up to 30% and maintenance costs up to 15%. As the industry's only natural refrigerant-based container refrigeration system, NaturaLINE uses the non-ozone depleting refrigerant CO_2.

Carrier's Fire & Security business is constantly innovating.

Our fire and security businesses are continuing their legacy of protecting people and property. Both Edwards and Kidde were the first commercial and residential smoke alarm manufacturers to meet 2020 UL safety standards – Edwards with its new Signature Optica smoke alarms and Kidde with its new TruSense alarms. Edwards also launched the EST4, an advanced networked fire alarm and emergency communications platform for complex and mid-to-large applications. And Supra has enhanced its TRAC-Mini controller to enable authorized personnel control in offline locations through mobile credentials and Bluetooth technology.

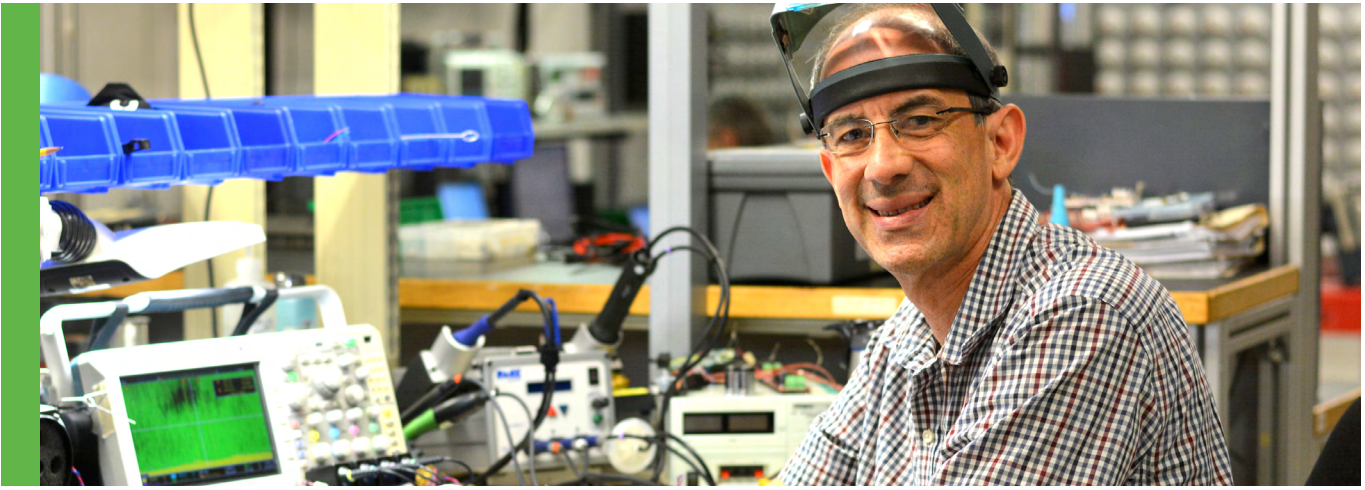
Research & Development

We have a strong history of innovation across all our businesses. We are prioritizing solutions that address the challenges presented by the megatrends of urbanization, climate change and the food needs of our growing global population.

Innovation in our product portfolio is a strong driver of continued growth because customers increasingly value energy efficiency, sustainability and digitally connected building systems.

Our engineering team is focused on key strategic themes aligned with Carrier's growth strategy: sustainability, service and digital solutions, all in support of addressing global megatrends, expanding our current markets and growing in adjacent ones.

We have close engagement with local, regional and global innovation ecosystems, so we are aware of and are participating in early-stage innovation with startups, universities, innovation hubs and thought leaders.



Since 2014, we have grown our engineering team globally 20% to

~3,600

engineers.

We hold

~7,000

active patents and pending patent applications worldwide combined and in the last two years have invested over

$800M

in the development of new products and services.

Materials & Circularity

We are implementing intelligent design strategies, optimizing our material use, expanding service offerings and closing material loops through product take-back to help drive toward circular solutions. We adopted an ISO 14025 compliant approach to lifecycle assessment in our key European HVAC design centers and are developing similar methods across our global centers.

Intelligent Design

We innovate to meet the growing demand for intelligent, integrated and efficient solutions that reduce energy consumption and environmental impact. Our design process relies on a thorough understanding of the use and longevity of our products, and, to this end, we analyze field data to improve our products.

Designs that allow for retrofits allow customers to benefit from new technology without having to purchase a new product. Many buildings contain legacy Carrier equipment with years of reliable, efficient service ahead, but was originally designed to use ozone-depleting refrigerants. Carrier offers a service to retrofit existing equipment with a readily available, cost-effective and environmentally preferred alternative.

We also design for remanufacturing, such as remanufactured compressors in our Carlyle business. The staff at our state-of-the-art Stone Mountain facility use sophisticated technology, experience and rigid testing standards to remanufacture Carlyle compressors into high-quality products that perform optimally and safely.

Material Optimization

We utilize model-based systems design and develop technologies that help us to optimize our product designs, maintaining performance while achieving the smallest possible material footprint. Material intensity metrics are part of our Design for Sustainability standard work that track relative improvement on a project-by-project basis. And we have already redesigned several products to use resources more efficiently, in connection with our Carrier 600 initiative, which targets the elimination of $600 million in costs over three years through operational efficiency, digitalization, automation and supply chain productivity.

Some recent examples of material optimization involved micro channel heat exchanger (MCHX) technology, which is an alternative to traditional evaporator coils. These include:

- Reducing coil size in next-generation energy-efficient residential furnace systems by 20-30%, which translates to more energy-efficient units with smaller material footprints and lower manufacturing costs.
- Reducing the coil weight of the AquaForce 30XV air-cooled chiller in North America by 10-17%.
- Reducing the coil weight of the Carrier Transicold PrimeLINE container refrigeration unit program by 70%.

Services

Carrier is a supporting partner in the Cooling as a Service Initiative, where customers purchase a cooling service and the provider owns the cooling system, maintains it and pays to operate the system. This service incentivizes us to provide the most energy-efficient units, with lower global warming potential emissions, and helps to ensure the appropriate end-of-life management of the system.

We have also launched “Design for Services” as a focus area for engineering, alongside lifecycle assessment standard work, which focuses on digital platforms and analytics.

Service and aftermarket account for over a quarter of our business, and we expect that this growth will continue.

Take-back & Recycling Programs

To fully close the loop, Carrier has developed programs to support responsible take-back and recycling.

Chubb's Extinguisher Recycling Unit (ERU) offers safe processing and recycling of fire extinguishers in the United Kingdom. The service helps to ensure that 100% of a fire extinguisher is recycled, rather than going to landfill. Last year the ERU recycled over 341,000 extinguishers, which included processing more than 522,000 liters of liquid, 700 metric tons of powder, 38 metric tons of plastic, 168 metric tons of cardboard and 10 metric tons of plastic film.

Carrier's Refrigerant Destruction & Reclamation Program helps destroy harmful chlorofluorocarbons at certified sites in a controlled, effective and accountable manner. Appropriate destruction helps to ensure that these chemicals are not used again or escape to our environment.

Refrigerants

305-3, 305-4, 305-5, 305-6

We are committed to using low-GWP refrigerants so that we can lower the GHG footprint of our products. Where technically feasible, we will deliver natural or very low GWP refrigerant solutions (GWP<150) and we will continue to evaluate options to expand our offering of ultra-low GWP solutions (GWP<30). Carrier has products available today to meet the demand for lower GWP solutions, including the sustainable, ultra-low GWP refrigerant solutions of the CO2OLtec, NaturaLINE and PUREtec product families.

- PUREtec HFO refrigerants like R-1233zd(E) with a GWP of less than 1 are Carrier's solution for centrifugal chillers used in HVAC globally. PUREtec HFO refrigerants like 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 with a GWP of 466 – one-fifth of the GWP of R-410A – as our primary lower GWP solution to replace R-410A in all of our ducted residential and light commercial packaged solutions sold in North America.
- 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 refrigerant carbon footprint.
- CO_2 is Carrier's preferred solution for transport and commercial refrigeration. A safe and non-ozone depleting gas, CO_2 has a GWP of 1 and good energy efficiency in those applications. Carrier has pioneered the use of CO_2 in applications like supermarket refrigeration and marine container refrigeration to sustainably extend the world's food supply.
- Carrier Transicold Europe has collaborated with The Chemours Company to replace R-452A in its transport refrigeration equipment in Europe with a new low-GWP HFO/HFC refrigerant blend solution, starting in 2021. The new refrigerant will have a GWP below 300, which is expected to result in an 85% reduction of the GWP compared with the R-452A refrigerant it replaces.

Carrier's Healthy Buildings Program

As a founding member of both the U.S. Green Building Council and the International WELL Building Institute, Carrier has long been an industry leader in enhancing building health to promote personal health. Now, it is essential that the world have the solutions and services that enable healthy indoor environments.

Carrier's Healthy Buildings Program provides an expanded suite of advanced solutions to help deliver healthier, safer, more efficient and productive indoor environments. From products to improve indoor air quality and remote services to manage ventilation in buildings to touchless solutions in public spaces, Carrier is redefining the spaces of the future today.

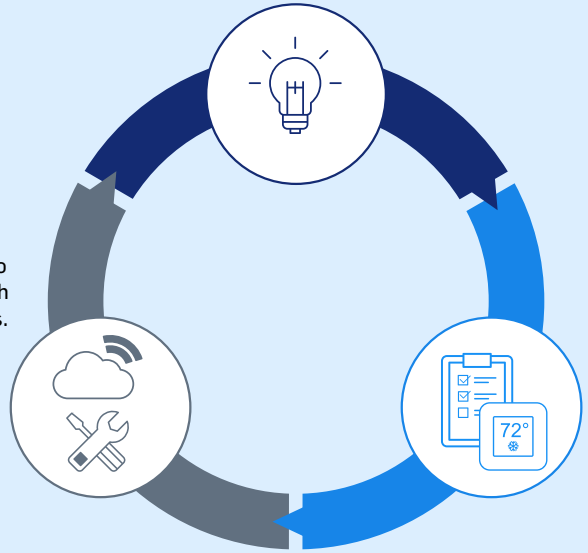
As people return to work, hotels greet guests, schools welcome back students and stores reopen, indoor air quality and safe buildings are of paramount importance. New technologies like microscopic filtration systems and touchless building controls have gone from nice-to-have conveniences to must-have protections. Carrier experts work with customers to design, operate, maintain and upgrade buildings to protect what is most important – the health of those inside.

As we continue to spend more time at home than ever before, it is imperative that we all work together to ensure our living and working spaces are healthy. This includes both the air we breathe as well as the comfort of feeling secure in our spaces. Carrier Healthy Homes offers a suite of targeted solutions for homes that can help improve the overall health of homes and, in turn, help keep their inhabitants healthy.

CARRIER'S APPROACH TO HEALTHY BUILDINGS

OPTIMIZATION

Through advanced controls and digital solutions and services, we help optimize buildings to protect the people inside, enabling continuous improvements to air quality and overall health while reducing energy costs.



EXPERTISE

Leveraging more than 100 years of experience creating optimal indoor environments, collaborating with academic researchers and global experts, we build on our expertise to lead the way to a healthier future for all buildings.

ASSESSMENT & IMPLEMENTATION

With products that improve ventilation, comfort, air quality and access, we make the solutions that make healthy buildings possible in all types of environments, from new builds to modernizations and retrofits.

Among the solutions within Carrier's Healthy Buildings Program is the OptiClean Dual-Mode Negative Air Machine and Air Scrubber, which cleans contaminated air and creates pressure to prevent air from spreading to different sections of a building. If negative pressure is not required, the machine can be used as an air "scrubber" to pull air in, remove contaminants and discharge cleaner air back into the room. The product was created at the request of healthcare customers in need of additional infectious isolation rooms.

HEALTHY**BUILDINGS**

HEALTHY**HOMES**

Accountability & Transparency

Climate Resiliency

Climate change affects everyone differently. Extreme weather and climate events are usually isolated to specific geographies, disproportionately affecting those with less infrastructure to combat these challenges.

While we work to mitigate and avoid emissions around the world, we also have a responsibility to understand how climate change affects our business. For this reason, we are conducting a comprehensive climate risk assessment – consistent with the Taskforce on Climate-related Financial Disclosures (TCFD) reporting framework – to determine the impact climate change is having on Carrier.

We expect to disclose in our CDP disclosure and 2021 Environmental, Social & Governance Report.

We have committed to do our part to reduce the climate impact of our operations and products, which is consistent with the Science-Based Target initiative.

We also support charitable organizations that seek to increase the resiliency of communities in addressing the physical and transitional impacts associated with climate change. For example, we support The Nature Conservancy's initiatives that help cities around the world become more resilient to meet the challenges of a changing climate.

Global demand for residential air conditioning is expected to grow

3X

over the next 30 years.

The global demand for residential air conditioning is expected to more than triple over the next 30 years, and in an effort to reduce the climate impact associated with this growth, Carrier has joined Global Cooling Prize. This competition challenges the industry to reduce its climate impact, and to significantly improve the efficiency of current cooling solutions while maintaining affordability.

Policy & Partnerships

Climate Policy

Carrier supports climate policies that will drive the transition to low carbon economies. That transition will vary by country and region. In Europe, for example, Carrier supports the 2050 decarbonization policies that achieve deep energy reductions in buildings. In the United States, Carrier is helping to advance climate policy through its membership in the CEO Climate Dialogue and its six principles.

Carrier Transicold & Refrigeration Systems President David Appel discussed the sustainable cold chain and how it can cut food loss and waste during a roundtable session in front of nearly 200 nations at the 31st Meeting of the Parties of the Montreal Protocol.

Sustainable Cold Chain

It takes more than one company or industry working on its own to succeed in expanding the cold chain. That is why we bring together brilliant minds from around the globe and across disciplines to discuss, debate and inspire. Together, we have made progress – and we are making food waste part of the global dialogue.

- **World Cold Chain Summit:** Founded by Carrier in 2014, the World Cold Chain Summit to Reduce Food Loss & Waste convenes food industry thought leaders and experts in a collaborative environment with the goal of developing opportunities for quantifiable reductions in global food waste, extending global and regional food supplies, and helping to feed and sustain a growing global population.
- **Global Food Cold Chain Council:** As a founding member of the Global Food Cold Chain Council, Carrier has taken an active role in the council's mission to reduce food waste and related GHG emissions while expanding energy-efficient, low-global warming potential technology.
- **United Nations Meeting of the Parties to the Montreal Protocol:** Carrier was among the roundtable participants that signed the Rome Declaration on the Contribution of the Montreal Protocol to Food Loss Reduction through Sustainable Cold Chain Development, which stresses the importance of pursuing international cooperation and promoting the exchange of information on the contribution of the cold chain to sustainable development.

OPERATIONS

At Carrier, we are committed to protecting what matters – our people and our environment. We actively work to create a world where people can be safe and comfortable by designing, sourcing, producing, marketing and delivering our products and services in a secure, environmentally conscious and socially responsible manner.

Operational Excellence

Carrier Excellence

Carrier Excellence is the continuous improvement framework that drives operational excellence across our company, enhances the customer experience to drive growth, engages employees to solve problems and drives improvements to help achieve outstanding levels of business performance.

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

- **Culture:**
  Carrier Excellence provides a common language across the company to help create satisfied customers, reduce waste and meet business objectives.
- **Competency:**
  The Carrier Excellence Certification Program provides a framework for managing individual competency progression and documenting training.
- **Tools:**
  Carrier Excellence tools are methods for managing and improving processes, eliminating waste, identifying and resolving problems, and managing critical decisions and projects.

Carrier Excellence keeps us focused on delivering outstanding performance by:

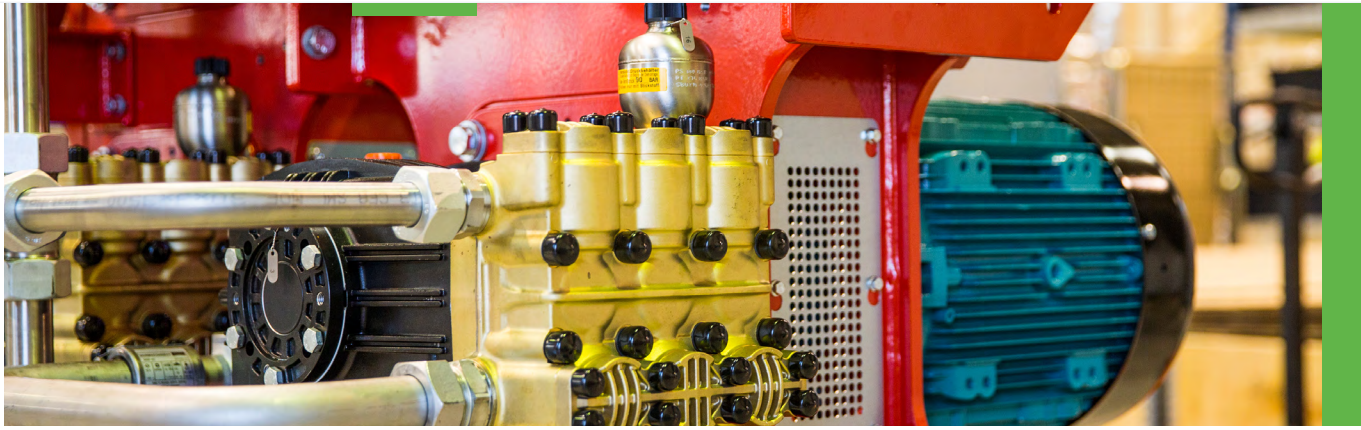
- Enhancing the customer experience.
- Driving value to our shareholders.
- Delivering best-in-class performance.
- Engaging employees to continuously improve our processes.
- Innovating sustainable solutions for the future.

Digitized Systems in Montluel, France

To improve overall productivity, efficiency and quality, we launched a new manufacturing operation management system at our Carrier HVAC factory in Montluel, France. The new, digitized system connects the entire factory through an easily accessible app that tracks orders at every stage – from placement to delivery – and allows for a more accurate understanding of progression. We can now provide customers with real-time updates and have proactive conversations if changes are needed, which is intended to ensure we are successful in meeting or exceeding their expectations on delivery and quality. Implementing this system is expected to result in initial savings of over $1.4M.

Product Safety & Quality

416-1



Ensuring Product Safety

We earn our customers' trust by delivering safe, high-quality products and services. Our Product Integrity Policy covers product safety and quality, and establishes the governance and coordination within and among our different business units. Product safety practices are supported by standard work that defines responsibilities of the product safety organization.

Each business unit is expected to implement the corporate product safety policy by:

- Appointing a product safety manager and a product safety best practices team.
- Integrating the Carrier product safety risk management system, product safety assurance practices and product safety promotion activities in their businesses.
- Investigating and reporting product safety incidents.
- Creating a product-related incident review board.
- Holding periodic meetings to share product safety best practices.

At the enterprise level, the Carrier product safety organization focuses on safety through the product development discipline and through the identification and resolution of any legacy product safety issues. As a stand-alone company, we have continued our incident review board, comprised of senior executives, that reviews all business unit incidents requiring customer or regulatory communications, with significant focus on both system level and technical product level root cause and corrective actions. These reviews help to ensure a culture focused on consistent, regionally compliant, high-quality product safety actions worldwide. In our product development programs, we use safety hazard analysis as well as focused safety-related failure mode and effects analysis.

We drive continuous improvement in our product and services safety process in a variety of ways, including engaging the support of Carrier's Internal Audit team to assess our product safety culture and awareness in selected business unit sites on a quarterly basis, and by engaging impartial, external safety professionals to periodically assess business level product safety systems and related processes. Twice annually, the Carrier Product Safety Board, chaired by our CEO, reviews business unit and Company-level performance and program health indicators. Product safety and quality deliverables are integrated into all product development programs at Carrier.

Advancing Product Quality

Our product quality policies and programs set the standards, metrics and processes to help ensure that our products and services meet our commitments to customers. Carrier's Global Quality Manual is the foundational standard for Carrier's manufacturing facilities, providing polices and standards to help ensure the quality of our products along their lifecycle, including new product development, supplier quality, production, customer use and aftermarket support.

At the enterprise level, our quality organization convenes regularly to review metrics, lessons learned, best practices and business process and policy enhancements. To drive continuous improvement, we set targets for and regularly assess progress toward reductions in the cost of poor quality.

More than **95%** of our global manufacturing sites are ISO 9001:2015 certified.

Our vice presidents of quality are required to annually certify to their respective business unit's quality management system. In addition to customer and regulatory audits, we perform rigorous internal zero-escape health assessment audits. These assessments are reviewed regularly by the quality leadership team and they reflect the most significant aspects of quality throughout the product lifecycle, from design phase, to supplier, to manufacturing to aftermarket.

Product Development

Every new product is included in Carrier's new product development process, which is a gated process that ensures that cross-functional teams are involved in the development of a product from concept to commercialization. Products will not be released to the marketplace until all specified safety, verification and reliability testing has been completed and approved by an internal review board consisting of executive leadership from engineering, operations, quality, product safety and Environment, Health & Safety.

Supplier Quality

Our supplier quality organization audits our supply base to ensure that purchased components adhere to our quality standards. The quality organization conducts the production part approval process (PPAP) to ensure a quality design and production process. The organization also manages our Supplier Excellence program which, in collaboration with our suppliers, aims to provide an exceptional level of performance in quality and delivery to our customers.

Manufacturing & Production

Our factories go through an in-depth quality assessment to ensure compliance with our standards. We track product quality results across three categories: customer quality, factory quality and supplier quality. We set annual goals for each category and track progress.

Customer Use & Aftermarket

We monitor our products after they have been delivered to our customers by regularly monitoring warranty data and customer feedback. Quality managers regularly review claims data so that we can quickly react to field issues and customer feedback.

Our Suppliers

409-1, 414-1

Our suppliers are critical to our success. To help ensure that we provide superior products and services in a responsible manner, we require our suppliers to meet our ethical and sustainability expectations as set forth in our Supplier Code of Conduct. The Code outlines what we expect from each of our product and service suppliers and it aligns with the expectations we place on our own directors, officers, employees and representatives. Suppliers are required to sign the Code of Conduct and flow down its principles to their supply base.

Carrier Preferred Supplier Criteria

Our Supplier Excellence program is a key component of sustained supplier performance. Achieving the Carrier Preferred Supplier rating is an important distinction that brings suppliers considerable benefits and recognition.

First, suppliers can see substantial improvements in their operating performance. Second, suppliers gain recognition across Carrier, as the Carrier Supplier Chain Council – comprised of supply chain executives from each of our businesses – is engaged in the Preferred Supplier certification process. Supplier Excellence is complementary to a supplier's current lean program and aligns with the Carrier Operating System.

Carrier's Supplier Excellence program is a method to differentiate suppliers currently operating with high delivery and quality performance levels. It is a means of recognition for significant continuous improvement efforts and achievements of our suppliers who have achieved world-class levels of performance. The program tracks four levels of performance, with all suppliers expected to be at the "Approved" or "Preferred" levels. Suppliers who are not operating at these levels shall prepare an improvement plan for review with Carrier.

Carrier has embedded sustainability criteria for Preferred Level suppliers, which are incorporated into our Supplier Quality Manual. Suppliers are required to:

1. Have a code of conduct for ethics and sustainability appropriate for its business.
2. Have formal CEO or board-level commitment to continuous EH&S improvement.
3. Use an appropriate, written workplace EH&S management system.
4. Have a current injury incident rate < 3.0.
5. Use root cause analysis following all serious or fatal injuries.
6. Demonstrate annual improvements in its use of energy.
7. Have formal EH&S goals.
8. Demonstrate annual improvements in workplace safety.
9. Demonstrate annual improvements in water use.
10. Include attainment of formal EH&S goals in executive compensation.
11. Demonstrate annual improvements in its waste recycling rate.

Our Supplier Portal shares metrics on performance with suppliers directly, providing timely feedback to drive higher levels of performance and hold underperforming suppliers accountable. To further demonstrate our commitment to our suppliers' success, Carrier holds annual global and regional supplier conferences as a best-in-class forum to communicate requirements for sustainability, ethics and other key values of our business.

Achieving Supplier Excellence "Approved" or "Preferred" status are critical elements of our strategic sourcing decision process.

Conflict Minerals

Our Conflict Mineral Policy sets forth our preference to source tantalum, tin, tungsten and gold originating in the Democratic Republic of the Congo region from a smelter or refiner validated as conflict-free by an independent third party.

We support industry-wide initiatives that raise awareness for responsible sourcing of conflict minerals and support the development of conflict-free sourcing, such as the Responsible Minerals Initiative (RMI) where Carrier serves as a Member Partner. We expect our suppliers to comply with all applicable laws and regulations, and assist us in fulfilling our obligations.

Additionally, our contract terms and conditions require that our suppliers comply with the Dodd Frank conflict minerals requirements.

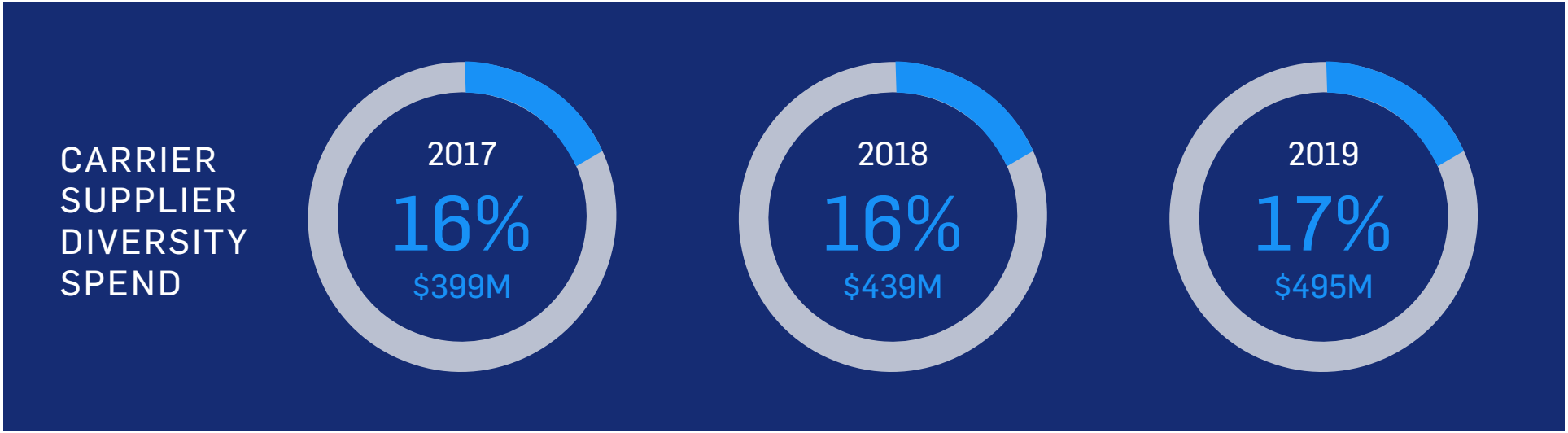
Carrier was part of UTC in 2019. Consequently, UTC made the requisite disclosures to the U.S. Securities and Exchange Commission that reflected Carrier's compliance, including with the OECD guidelines.

Supplier Diversity

Carrier recognizes that a key to our success has been our relationships with high-quality diverse suppliers. Our Supplier Diversity Program helps us build and maintain a diverse supplier base that helps drive innovation throughout our value chain. Through it, we establish relationships with qualified suppliers in more than a dozen diverse categories, creating value for our company and our communities.

In 2019, we spent more than **$495** million with first-tier suppliers in all diverse categories.

In 2019, we spent more than $495 million with first-tier suppliers in all diverse categories, representing approximately 17% of our supplier expenditures in the United States.



Environment, Health & Safety Management System

As a part of Carrier Excellence, our EH&S management system and ongoing employee health and safety initiatives help protect our employees and ensure our compliance with applicable laws and regulations. Our EH&S management system also provides a framework for continuous improvement through integrated planning, performance and measurement.

Our EH&S organization, governance and performance expectations are consistent with ISO 14001 and other global EH&S management system standards, including:

- Management and board-level responsibility for environmental, health and safety issues.
- Organizational structure integrating EH&S management throughout the enterprise.
- Compliance with all environmental, health and safety regulatory requirements.
- A formalized EH&S risk management system.
- Data and document quality management, including performance measurement, corrective action monitoring, and metrics reporting.
- Continuous improvement in the protection of our people and reduction of our environmental footprint.
- Employee training.

Program governance begins at the local site level and flows up to our CEO and Board of Directors who oversee program performance against established targets and provide strategic direction.

Our full EH&S policies are available on our website.

2020 Sustainability Goals Performance

102-26

We measure the effectiveness of our practices through several key performance indicators – and our dedication to consistent improvement is reflected in the numbers. As an independent company, we have committed to completing the sustainability goals that were established under our prior parent company, UTC, by building on our more than 20-year EH&S legacy of tracking and reporting results in these areas across our operations.

Our current sustainability goals, which were established by UTC and which we have continued to pursue as an independent company, have a baseline year of 2015 and conclude at the end of 2020. These goals measure progress in absolute terms and are not adjusted for organic increases or decreases in production.

We continuously implement sustainable solutions in the design of our products and in our operations, and encourage suppliers, customers and employees to achieve ever greater sustainable outcomes. We are proud to report we have achieved several goals ahead of our 2020 targets.

Goal*	2015 Baseline Year	2016	2017	2018	2019	Progress	Discussion
Reduce GHG Emissions by 15%	470,166 $MTCO_2e$*	438,638 $MTCO_2e$	440,410 $MTCO_2e$	409,371 $MTCO_2e$	396,492 $MTCO_2e$	15% Reduction: **Goal Met**	Since 2015, we have invested $20 million in energy efficiency and GHG reduction projects. This has resulted in avoiding over 55,000 metric tons of CO2e from operations.
Reduce Water Consumption by 25%	457,236,874 gal	329,371,113 gal	342,818,590 gal	320,178,037 gal	299,707,985 gal	34% Reduction: **Goal Exceeded**	We have reduced our water footprint in absolute terms across our global locations.
Implement 100% Water Best Management Practices	–	53%	64%	77%	83%	83% Implementation: **In Progress**	We established site-specific goals that align with a site's size and water scarcity category, requiring the implementation of up to eight additional best management practices.
Reduce Hazardous Waste Generation by 10%	2,604 MT	1,946 MT	1,851 MT	1,773 MT	2,060 MT	21% Reduction: **Goal Exceeded**	Each segment, regardless of growth, has been required to reduce its generation of hazardous waste by 2% per year when compared with our 2015 baseline level.
Increase Waste Recycling Rate to 90%	93%	94%	94%	94%	94%	94% Increase: **Goal Exceeded**	The baseline for this goal was originally established for all of UTC and its businesses, which included Carrier until April 3, 2020. Carrier was recycling above this rate in 2015, and as an independent company will maintain this performance target through 2020, at which point new goals will be established.
Eliminate Use of Chlorinated & Brominated Solvents	3 MT	0.02 MT	4 MT	2 MT	0.3 MT	88% Elimination: **In Progress**	Our 2020 goal targets the elimination of air emissions from the use of eight specific chlorinated or brominated solvent chemicals if used above a level greater than 100 pounds per year.

* Carrier baseline is adjusted in the event of reorganization, acquisitions or divestitures

Energy & Emissions

302-1, 302-2, 302-3, 302-4, 302-5, RT-EE-130a.1

Our commitment to reduce absolute energy and GHG emissions is informed by climate change science, the regulatory landscape and our experience in implementing targeted programs across our global manufacturing facilities.

Since 2006, UTC set an annual expectation, which Carrier as part of UTC followed, that our operations achieve a 3% absolute reduction in their GHG emissions. This goal is consistent with the United Nations Intergovernmental Panel on Climate Change (IPCC) guidance on the annual GHG emissions reductions necessary to limit average global atmospheric temperature increases to a maximum of 2 degrees Celsius by 2100.

Based on our experience and organizational footprint, efficiency improvements in Carrier's use of energy represent the greatest opportunity for us to reduce our Scope 1 and 2 GHG emissions. Since 2019, through our investments in energy efficiency projects, we have reduced our GHG emissions in absolute terms by 55,000 metric tons compared to the 2015 baseline set by UTC. Our worldwide manufacturing locations routinely conduct energy audits to identify additional projects to improve our energy efficiency.

And we work to optimize our service fleet, including using fuel-efficient vehicles.

Water

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

Like other companies, Carrier faces increasing global water supply risks due to localized and recurrent droughts, competition for water in water constrained watersheds, climate change and municipal infrastructure limitations. Reducing our water consumption decreases the potential for business disruption and helps to conserve scarce resources.

Our goal for 2020 continues our historic commitments to water reduction by aiming to reduce our water consumption 25%, compared with 2015 baseline levels. To do this, we have established site-specific goals that align with the site's size and water scarcity category. We also implemented water best management practices (BMPs) at our manufacturing facilities, including a water balance and leak detection program.

For nearly 30 years, Carrier has pursued goals aimed at reducing our global environmental footprint.

Since 2015, we have achieved a

15%

absolute reduction in our global GHG emissions – a total of

55,000

metric tons,

and a

34%

absolute reduction in our global water use – a total of

157

million gallons.

Waste

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

Our waste management program is designed to reduce our waste generation and impact on the environment through three actions:

Best Management Practices

We require each manufacturing facility to implement 10 waste BMPs to drive reductions in waste volume, provide effective management of specific waste streams, including acids, alkalis and machine coolants, and increase recycling of materials.

Hazardous Waste Reduction Target

Hazardous waste represents less than 10% of our total waste generation but poses significant potential risk to the environment. The risk also extends to the required regulatory compliance and the overall cost of managing waste reduction.

Our 2020 goal requires each business unit, regardless of its growth, to reduce its generation of hazardous waste by 2% per year when compared with the 2015 baseline level that was set when we were part of UTC. Importantly, since 2015, we have reduced our hazardous waste output by more than a million pounds.

Recycling Target

More than 90% of the waste we generate each year is non-hazardous and includes commodities such as metal, wood, paper and glass. Our 2020 goal aims to recycle 90% of industrial waste across our factories and operations. This goal is the latest iteration of our historic commitment to recycling, which was first quantified as a formal target in 2006 by UTC.

Carrier Gurgaon Facility, India

Carrier's Gurgaon manufacturing facility is home to a team committed to achieving world-class performance in all EH&S metrics and initiatives. Through a combination of technological advancements and stringent regulatory compliance, the Gurgaon facility has demonstrated year-over-year reductions in all key EH&S metrics.

Since 2015, the facility has successfully reduced its absolute impact in the following areas:

Energy use by	Water use by	Non-recycling waste by
22%	25%	38%

The teams implemented a number of projects to achieve these reductions, including incorporating Kaizen events for processes, building two solar power installations and encouraging employee ideas and participation. The Gurgaon location is certified by the Indian Green Building Council as a Gold certified factory.

Workplace Health & Safety

403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Workplace health and safety is a fundamental indicator of sustainable performance. Our approach to workplace safety is built on three principles:

1. Health and safety is a responsibility shared by all employees, from senior leaders to workers on the manufacturing floor and remote job sites.
2. Workplace safety requires continuous discipline and focus.
3. Leading indicators help focus our attention on areas where risks and injuries can emerge over time, helping us to eliminate workplace hazards, including exposure to potentially harmful chemicals.

Our health and safety policies and programs reflect our corporate commitment to workplace health and safety through a variety of measures, including:

- Deliberate actions to provide our employees and contractors a workplace free from injury and illness.
- Leadership allocation of necessary resources to support the implementation, continuous improvement and sustainment of our EH&S Management System.
- Fostering active participation and engagement of all employees.
- Stimulating a culture of hazard awareness and prevention that drives to zero incidents.
- Governing our operations to ensure performance above and beyond compliance with all applicable laws, regulations and permits globally.
- Ensuring the mitigation of EH&S impacts in all business decisions.

Building a Culture that Protects our People

We are committed to sustaining a culture that protects our people. All employees on the manufacturing floor or in field installations and repairs are trained in workplace health and safety policies and procedures, and each is responsible to report potential workplace hazards and unsafe conditions.

We have established health and safety committees at each of our sites and business units. They meet regularly to direct and coordinate EH&S initiatives. Their activities include reviewing and updating programs, identifying new program initiatives and policies, conducting evaluations, assessing progress to goals, reviewing compliance assessments, and initiating recommended actions for employee health and safety engagement and communications.

We measure the effectiveness of our health and safety programs using a variety of metrics, including total recordable incident rate (TRIR) and lost-day incident rate (LDIR).

	TRIR[1]	LDIR[2]
2015	0.39	0.08
2016	0.41	0.09
2017	0.38	0.09
2018	0.46	0.08
2019	0.41	0.09

[1] TRIR: Number of fatalities, lost day cases, restricted duty cases and medical treatment cases X 200,000 / Total Hours Worked
[2] LDIR: Number of lost day cases X 200,000 / Total Hours Worked

Reducing Ergonomic Risk

403-2, 403-3

Reducing ergonomic hazards represents one of the biggest areas of opportunity for Carrier. We know we can reduce future injuries by eliminating these risks. Our goal is to reduce ergonomic risks assessed at high or medium by 50% by 2020, against our 2015 baseline, which was established when we were part of UTC, and as measured by a formal ergonomic risk assessment.

Reducing Workers' Exposure to Hazardous Substances

403-2, 403-3

Between 2006 and 2015, when we were part of UTC, we reduced our use of more than 75 targeted chemicals, including volatile organic compounds, by 70% or more. In 2015, when we were part of UTC, the company had set a 2020 goal to focus on a handful of the original chemicals that remained in use and represented a significant risk to worker safety and air emissions stewardship.

As a stand-alone company, our 2020 goal targets the elimination of air emissions from the use of eight specific chlorinated or brominated solvent chemicals if used above a level greater than 100 pounds per year.

As a stand-alone company, our 2020 hazardous substance goal builds on the significant progress we have made in reducing employee workplace hazards. Recent efforts enabled us to reduce exposures to chemicals and industrial noise levels in our facilities for approximately 80% of our employees to levels that no longer require the use of personal protective equipment. In 2015, UTC expanded the program to reduce potential employee exposures to carcinogens, reproductive toxins and endocrine disruptors (CREs) to levels below regulatory requirements. Our goal as a stand-alone company continues to be to reduce hazardous substance exposure levels to less than 50% of occupational exposure limits[1] or to a qualitative exposure assessment score of moderate or below.

Goal*	2015 Baseline Year	2016	2017	2018	2019	Progress	Discussion
Reduce Ergonomic Risk by 50%	—	18%	40%	51%	62%	62% Reduction: **Goal Exceeded**	Our goal as a stand-alone company continues to be to reduce ergonomic risks assessed at high or medium by 50% by 2020, as measured by a formal ergonomic risk assessment.
Reduce Workers' Exposure to Hazardous Substances	—	68%	84%	60%	90%	90% Reduction: **In Progress**	Our goal as a stand-alone company continues to be to reduce all hazardous substance exposure levels to less than 50% of occupational exposure levels, or to a qualitative exposure assessment score of moderate or below.

1 Occupational Exposure Limits (OEL) are defined as the lowest of the following: the American Conference of Governmental Industrial Hygienists Threshold Limit Values, or manufacturer recommended or regulatory exposure limit for chemical, physical and biological agents. Note that the implementation of workplace control measures (substitution, engineering controls or administrative controls) is required in situations where exposures exceed the OEL. Respiratory protection is provided to ensure 100% of employee exposures are below the OEL where engineering controls and administrative controls have not achieved the desired reductions.

* Carrier baseline is adjusted in the event of reorganization, acquisitions or divestitures

** Baseline

Our Facilities

In each of our locations, we lead with policies, processes and practices intended to create safe and sustainable environments for our entire workforce.

Our commitment to sustainability begins with where we work. Our green building footprint spans the globe:

8 LEED Factories

10 LEED Offices

Center for Intelligent Buildings

In 2019, the Center for Intelligent Buildings, Carrier's world headquarters located in Palm Beach Gardens, Florida, became the first commercial building in the state to earn LEED Platinum certification from the U.S. Green Building Council, under the version 4 green building rating system.*

The first-of-its-kind technology, innovation and collaboration center showcases Carrier products and integrated systems from across our portfolio of brands, bringing to life all the ways we are building possible around the world. The Center for Intelligent Buildings is designed to the highest sustainability standards, resulting in a reduction of:

Water use by **25%** Inside **100%** Outside

Energy use by **60%**

CO_2 output by **60%**

* Compared with a baseline design, as defined by the LEED rating system

OUR PEOPLE & CULTURE

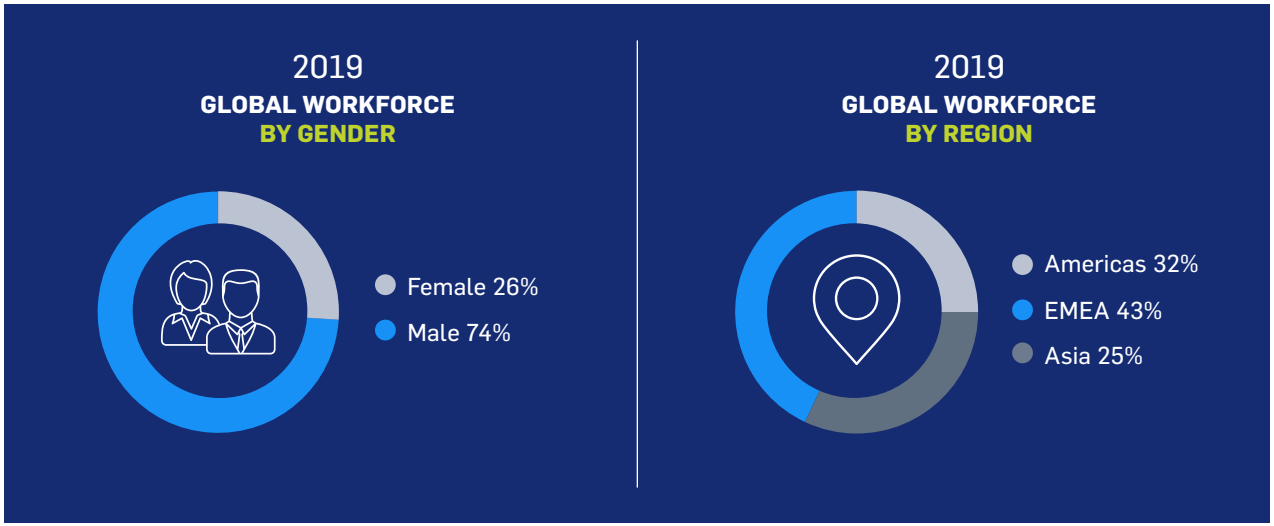
Our ~53,000 employees are the heart of Carrier – united by *The Carrier Way* purpose, values and culture. Ours is a company of innovators, problem-solvers and – quite simply – remarkable people.

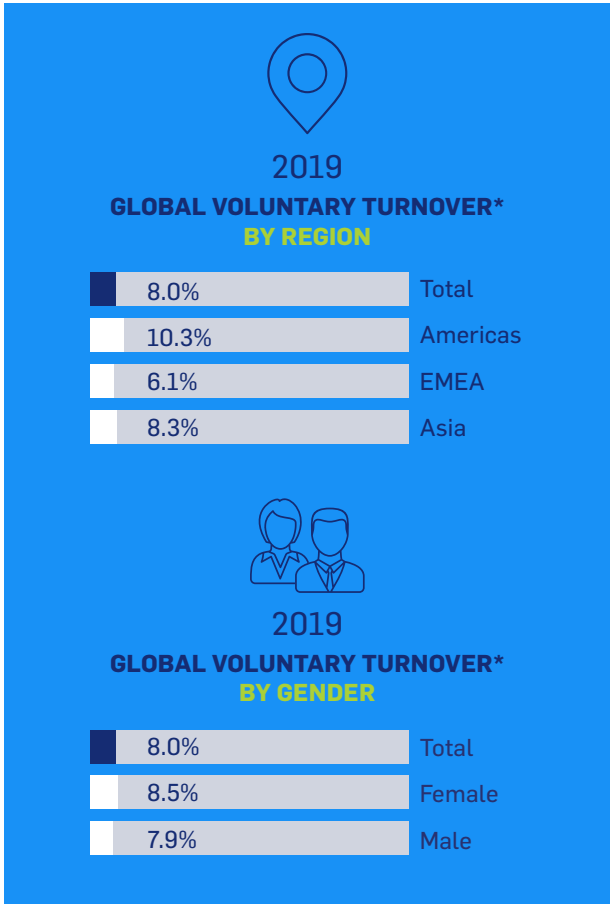
Employer of Choice

401-1, 401-2, 401-3, 404-1, 404-2, 404-3

Among Carrier's greatest assets are the expertise, creativity and passion of our employees. As an employer of choice, we strive to provide a great place to work that attracts, develops and retains the best talent, promotes employee engagement, fosters teamwork and ultimately drives innovation for the benefit of our customers. We strive to create an environment where all feel that they belong. We believe diversity and inclusion are the engine to growth and innovation.

We do this by developing and deploying best-in-class programs and practices, providing enriching career opportunities, listening to employee feedback and always challenging ourselves to do better.





* Includes global voluntary turnover for permanent employees; does not include temporary employees

Development & Career Progression

We work toward continuous improvement in everything we do, as a company and as individuals. We invest in our employees, develop and challenge them so their careers can progress, and we can grow together.

Early Career Programs

Carrier offers unparalleled opportunities for college students and recent graduates. Early career job opportunities are available throughout our business segments through internships, early career programs and formal two-year rotational development programs in engineering, operations, digital technology, finance and others. Our goal is to engage early career professionals to become passionate about what we do as they contribute to our Carrier business goals.

Through our **Internship Program**, students learn about our industry-leading products and gain hands-on experience creating innovative solutions by working with mentors and senior leaders.

In 2019, we welcomed over **650** interns in our operations around the world.

Our **Rotational Development Programs** are designed to give recent graduates the opportunity to learn and grow. Each program includes three eight-month rotations in different disciplines such as operations, digital technology, finance and others, allowing participants to build on education and experience through structured programs. Whether it is through work experience, seminars or mentoring and guidance from Carrier leaders and program alumni, our rotational programs stretch employee capabilities, enhance learning and develop future leaders.

Last year more than **50** recent graduates participated in Carrier's Rotational Development Programs.

Our **Engineering Graduate Hire Program** is a one-year program that offers a hands-on engineering experience in a closely mentored cohort. Through the program, associates obtain career development opportunities and exposure to leadership while continuing to develop a strong professional network. Once the program is completed, program participants graduate with opportunities to grow their engineering careers at Carrier.

Through our **University On-Campus Recruiting Program**, and university engagement, we are focused on attracting the best talent to Carrier and providing rewarding career opportunities.

TALENTPOSSIBLE
Discover. Develop. Engage.

Leadership Development Program, *Talent Possible*

To develop and advance the careers of our future leaders, Carrier offers the Talent Possible suite of development programs. This is our flagship program for current and future leaders, which captures leadership development needs at three critical stages of their careers – early career, mid-career and senior leadership. From building trust to managing priorities and guiding collaborative discussions, each program within the Talent Possible suite focuses on the unique skills leaders need to support themselves and their teams.

Discover YOUR POSSIBLE

Discover Your Possible

Geared towards our **early career talent**, this program consists of development sessions covering a variety of leadership topics critical to building leadership capability early in one's career, including building trust, managing priorities, guiding collaborative discussions and leading effective meetings. Designed for early career professionals who have future leadership potential, these sessions are interspersed with job-related application activities, app-based reinforcement and a partner skills practice session.

Connect YOUR POSSIBLE

Connect Your Possible

Designed for our **mid-career talent**, this newest addition to the *Talent Possible* suite is being launched this year and will provide foundational skills covering topics such as how to be an accountable leader in the digital age, and will equip them with the mindsets, skills and tools they need to achieve organizational and personal objectives.

Lead YOUR POSSIBLE

Lead Your Possible

Designed for our **senior leaders** with potential for growth to broader leadership roles, this program focuses on developing the mindset, skills and strategy for effectively leading diverse and complex teams, priorities and organizational initiatives.

Challenging Job Opportunities Across the Globe

Learning at Carrier spans the full lifecycle of a career and occurs both formally and informally. Employees can advance their careers through new opportunities across our segments, in our many functional disciplines and throughout the geographic regions where we do business. A network of people, systems and processes guides them as they explore their options.

Leadership Development Reviews

Each year Carrier deploys and conducts its annual Leadership Development Review (LDR), a process where senior leaders across the globe discuss and review our talent and succession plans for key leadership positions, allowing us to see where we have a talent bench, and where we can improve.

This process also allows us to identify key future leaders, discuss strengths and development opportunities, and focus on development.

Continuous Learning, the *Employee Scholar Program*

Carrier offers one of the most comprehensive and generous company-sponsored employee education programs in the world. Available to our global workforce, Carrier's Employee Scholar Program (ESP) covers the cost of a student's tuition, academic fees and books at approved universities. Since UTC launched ESP more than two decades ago, we have invested more than $156 million to advance our employees' formal education. And that investment has paid off. More than 8,500 degrees have been earned by employees in more than 50 countries since 1996. Currently, there are more than 630 employees enrolled in the ESP.

We are building on our success by ensuring that the degrees pursued are relevant to employment opportunities at Carrier so that our employees can advance and take on new challenges within our company.

Employee Training, *The Learning Portal*

Each year our employees complete thousands of hours of training through internal training programs, web-based e-learning, virtual classrooms and external seminars. Our ***Learning Portal*** is a global tool that connects employees with training and development opportunities to enhance their skills in areas such as leadership, ethics and job- or function-specific programs.

With access to our Learning Portal, Carrier employees can choose from over 47,000 online courses from industry-leading training providers. The portal enables learning on the go with mobile access, and offers courses in multiple languages, supporting employee growth and development all over the world. And we survey participants to understand how we can continue to update and adapt our offerings for effective learning.

In 2019, our employees completed **58K+** hours of online learning.

Carrier Employee Scholar Program

The world of work continues to evolve and we do, too. Learning never ends at Carrier, and our commitment to invest in our people helps us make modern life possible.

Our Employee Scholar Program provides Carrier employees with the opportunity to expand their knowledge and learn new skills to remain competitive. One of the most comprehensive and generous company-sponsored employee education programs in the world, the Employee Scholar Program covers the cost of a student's tuition, academic fees and books at approved universities.

$156M+
invested since inception in 1996

50+
countries with employee participation

~8,500
degrees earned

630+
current participants

Culture & Engagement

102-16

Our Culture, *The Carrier Way*

The Carrier Way outlines our VISION, reaffirms our VALUES and defines the behaviors that create a winning CULTURE, and establishes how we work and win together, while never compromising our values. *The Carrier Way* is at the center of everything we do, and how we engage and focus all our employees, globally, toward one purpose.

Performance Management and Development

Our performance management and development program sets the stage for our employees to perform at their very best, while developing their careers at Carrier.

We follow an annual cycle which is composed of two stages. At the beginning of the year, during our first *Connect* meeting, we set clear goals for employees that are aligned with Carrier's winning strategy. During the course of the year supervisors and employees hold *"Check In"* meetings to discuss how things are going, where we need to adjust and re-prioritize, and it is also where managers provide ongoing and candid feedback on performance and development. Finally, at the end of the year, we do a *Connect* meeting where we take stock of how we have performed against those goals, and we get ready for the year to come. Integrated as part of this supervisor-employee process is an ongoing discussion of how employees are doing against *The Carrier Way* expected values and needed behaviors for the cultural change journey.

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

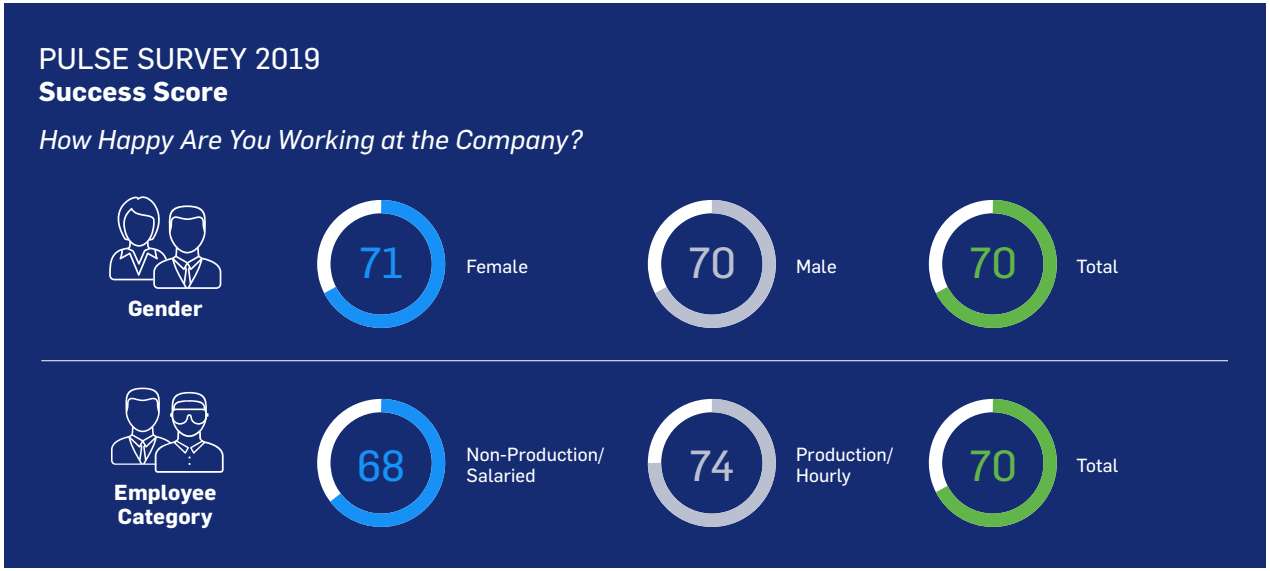
Employee Engagement, *Pulse Survey*

At Carrier, our employees are our greatest asset and the force that drives our success. We understand the importance of ensuring that employees feel valued and engaged, and we are committed to hearing their voices. Our goal is to capture feedback that can be translated into actions.

We do this multiple times during the course of a year through a global engagement survey called **Pulse**. Conducted online, and in local languages, Pulse surveys are regular opportunities for employees to provide confidential and honest feedback. Surveys are intentionally short so we can quickly analyze results and translate them into insights to facilitate quick action. We transparently share the results of each survey with employees and managers, allowing us to collaborate and develop actions that enhance our culture, together.

In October 2019, our last Pulse Survey for 2019, our results showed that:

- ***Participation*:**
  33,000, or 59%, of our employees participated in the Pulse survey. This includes participation by more than 12,000 employees working in our manufacturing, supply chain and quality teams.
- ***Engagement*:**
  On the key success score question *How Happy Are You Working at the Company?*, our score was 70, just 2 points below the benchmark of 72. As a new public company in 2020, Carrier's success score on the same question moved to 73, above the benchmark.



Diversity & Inclusion

405-1

Our greatest strength is the diversity of our people and their ideas. We work hard to build a culture where all employees are valued, and everyone feels genuinely included. We have a robust talent acquisition process to attract talent from the diverse, global marketplace, and we foster an inclusive culture that drives employee engagement, retention, teamwork and innovation.

As a global company, we seek to recruit, develop and promote our employees around the world valuing cultural differences, varied perspectives, backgrounds and experiences. We believe diversity and inclusion are a source of innovation so we work to elevate the voices of all employees while standing against discrimination and inequality in any form.

We are proud to say that our efforts to build a diverse workforce are yielding results. Since 2015, we have successfully increased our percentage of global women executives and U.S. people of color executives and professionals.

After becoming a new public company in 2020, Carrier launched our Diversity & Inclusion strategy consisting of four key tenets with associated actions.

Reduce the Gap. We are very focused on reducing the gap by recruiting more diverse talent to Carrier, starting with expanding our engagement with historically black colleges and universities (HBCUs) and other professional associations, and progressing diverse talent faster in the organization.

Carrier's Board of Directors is **25%** diverse.*

Carrier direct reports to the CEO are **>50%** diverse.*

* Women or people of color

	2015	2019
WOMEN EXECUTIVES	20%	31%
U.S. PEOPLE OF COLOR EXECUTIVES	13%	20%
U.S. PEOPLE OF COLOR PROFESSIONALS	18%	22%

Develop & Sponsor. Developing and sponsoring are critical to our journey. In 2020 our CEO will be leading a Leadership Development Review dedicated to diversity, and our senior leaders are expected to actively sponsor and mentor diverse employees who will be identified through this process.

Drive Inclusion. Key to inclusion is to listen and learn, and to focus on education and training of leaders and employees across the organization. Through Employee Resource Groups, fireside chats, listening sessions and unconscious bias training we are focused on driving a culture of inclusion throughout the company. As always, there is zero tolerance for any form of discrimination, and we provide employees anonymous reporting channels to report incidents of racism or discrimination.

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

_belong

Carrier aspires to create a workplace that is truly and genuinely inclusive, one that inspires and encourages everyone to bring their authentic selves to work, every single day. Our ultimate goal is simple – we want each and every Carrier employee to feel like they **_belong.**

Diversity Development Programs, *ELEVATE*

A key part of our Diversity & Inclusion strategy is the focused development of our affinity employee groups. In 2019, Carrier launched the ***ELEVATE*** development platform, starting with ***ELEVATE* Women in Leadership**, a one-of-a-kind program created to accelerate and elevate women into future leadership roles. Comprised of more than 80 Carrier women from across 16 countries, the program offers immersive development and learning opportunities through hands-on seminars, executive sponsors, dedicated coaching and access to high-impact career opportunities. We are continuing this successful program after becoming an independent public company and in 2020 we announced the launch of ***ELEVATE* for Black Leaders** and plan to expand to some other affinity groups.

Women in Leadership, Paradigm for Parity Pledge

We recognize the impact of a diverse leadership team on our performance, and we believe women must have equal opportunities to grow and lead. We proudly support **Paradigm for Parity**, a coalition of business leaders dedicated to addressing the corporate leadership gender gap. Made up of CEOs, senior executives, founders, board members and business academics, the coalition is committed to achieving a new norm in the corporate world: one in which women and men have equal power, status and opportunity. Carrier has pledged to achieve gender parity in senior leadership roles by 2030, and we are establishing programs and supporting partnerships to help achieve this goal.

CEO Action for Diversity & Inclusion™ Pledge

CEO Action for Diversity & Inclusion is the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. This commitment is driven by a realization that addressing diversity and inclusion is not a competitive issue, but a societal issue. Recognizing that change starts at the CEO level, more than 1,000 CEOs of the world's leading companies and business organizations are leveraging their individual and collective voices to advance diversity and inclusion in the workplace. As a signatory to the CEO pledge, Carrier commits to cultivating a trusting environment where all ideas are welcomed, and employees feel comfortable and empowered to have discussions about diversity and inclusion.

Diversity Leadership Development Reviews

The continued success of Carrier depends on our ability to continue to attract, develop, retain and engage the very best talent. That is why we are committed to fostering a diverse, inclusive workforce. It is not just the right thing to do, it is imperative for a growing global business. As a key tenet to our Diversity & Inclusion strategy, our targeted Diversity & Inclusion Leadership Development Reviews are aimed at identifying, developing, sponsoring and promoting diverse talent throughout the company.

Employee Resource Groups

Carrier is dedicated to the needs of each employee and proactively works toward delivering an inclusive environment in the workplace. We see Employee Resource Groups (ERGs), reflecting the diversity of our workforce and representing Women, Black, LGBTQIA+, Hispanic, Asian Pacific, Ability, Military and Veterans, as a critical lever to make our global employment brand come to life.

We continue to evolve and mature our Carrier-level ERGs: *Pride, Carrier Women, Carrier Black Alliance* and *CHEER (Carrier Hispanic Employee Enhancement Resource Group)*. Our ERGs operate with a formal leadership structure, a steering committee, senior leadership sponsorship, and a defined mission statement that is aligned with supporting Carrier's business strategy.

Great ideas have the power to change the world – and the next great idea can come from anyone and anywhere. Through ERGs, our employees have the opportunity to create and lead grassroots efforts to solve problems and enhance our position in the marketplace.

PRIDE at Carrier

The Pride at Carrier ERG brings awareness to workplace equality and inclusion, regardless of sexual orientation or gender identity. Membership is inclusive to all supporters, friends and allies of the lesbian, gay, bisexual, transgender and questioning (LGBTQIA+) community.

In addition to supporting and participating in community events all year long, Pride at Carrier celebrated Pride Month by recognizing the impact of the LGBTQIA+ community. Employees from around the company demonstrated their commitment to diversity and inclusion by participating in flag-raising ceremonies, ally pledges and other celebratory activities throughout the month of June.

Total Rewards

Carrier total rewards philosophy supports our business strategy of attracting, motivating and retaining top talent by being market competitive, aligning rewards to both individual and company performance, and remaining flexible to support changing business needs.

Around the world, we want our employees to feel fulfilled at work and in their personal lives, and we are committed to offering competitive benefit programs for all of our employees, monitoring new market developments and enhancing our programs when necessary. The individual plans that make up Carrier's benefits are designed to balance immediate needs, such as paying for health care, with longer-term focus, like planning for retirement.

In most countries, we offer a company-paid Employee Assistance Program to help employees and their family members deal with life's challenges, including stress, anxiety, depression, marital/family issues, substance abuse, child and elder care solutions, and legal or financial issues.

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

Additionally, to encourage preventative 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 telemedicine program makes care accessible to employees 24/7, wherever they may be.

In addition to our global Employee Scholar Program and professional development opportunities, our U.S. employee benefits include:

- Retirement Savings Plan
- Health Insurance
- Time Off and Additional Vacation Options
- Parental Leave
- Flexible Work Arrangements
- Employee Assistance Program
- Part-time Benefits
- Adoption Assistance

At Carrier, diversity and inclusion are the cornerstones of our values. For our U.S. employees, we offer benefits for eligible opposite gender and same-gender domestic partners of employees, as well as their eligible dependents.

COMMUNITIES

413-1, 413-2

Carrier is committed to making the world safer and more comfortable for generations to come. As we innovate to solve for the planet's critical challenges, making a positive impact in our communities around the world is core to our purpose.

In 2019, we supported more than 250 civil, cultural, economic and social welfare organizations around the world. We also invested $3.8 million in our communities, including $630,000 raised through the Carrier Employee Matching Gifts Program, a dollar-for-dollar charitable donation matching program.

OUR FOCUS AREAS

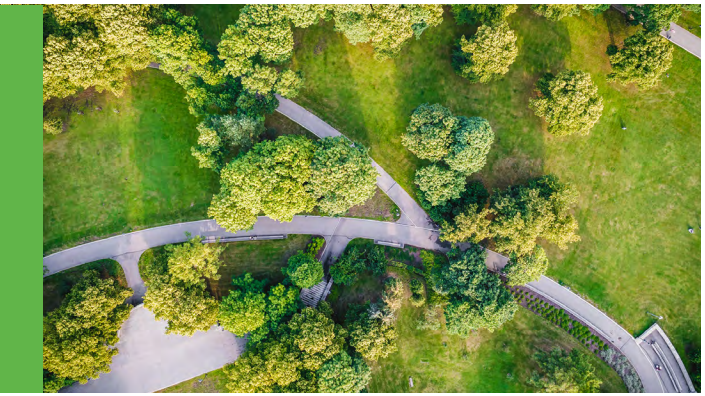
As a global leader in HVAC, refrigeration, and fire and security systems, we bring our unique knowledge and expertise to community areas where we can have the greatest impact. In compliance with our Philanthropic Donations Policy we support organizations that drive societal change in the following areas:

Science, Technology, Engineering, & Mathematics (STEM) Education	Developing the next generation of engineers, researchers, scientists and trade technicians.
Sustainable Urbanization	Promoting environmental responsibility through sustainable building practices in urban areas, including climate resiliency, energy efficiency and water conservation.
Safety & Security	Fostering safe communities through fire and crime prevention.
Hunger & Food Waste	Alleviating hunger and reducing food waste.
Diversity & Inclusion	Advancing diversity and minority inclusion in business.
Disaster Relief	Supporting basic living requirements and/ or rebuilding efforts in times of need.
Vibrant Communities	Improving the well-being of the communities in which we operate and engaging community-based volunteer programs.

Programs with a Purpose

We are proud to give back to our global communities through our time, talents and resources. We leverage our global networks to make positive and profound differences for communities, and partner with leading organizations who share our mission of making the world a better place:

- We have a three-year partnership with The Nature Conservancy to support global projects and online learning curriculum designed to promote science-based solutions to make the cities of tomorrow resilient, healthy and equitable. We have committed to projects where our employees will help fight global climate change, restore coastal habitats and support water security quality. We are also helping students learn about the natural world with support for Nature Lab, an online curriculum program for teachers and families, with virtual field trip videos and activities designed by educators for students K-12.



- Of the 12 cities on the World Health Organization's index of cities with highest air pollution rate, 11 are located in India. We believe everyone has the right to clean air, so last year we launched our United for Air initiative in India, with the goal of improving air quality through awareness, engagement, monitoring and preventive actions.
- Focused on promoting sustainability for early education students, Carrier's Green Shoots program connects employee volunteers with local classrooms to teach interactive science and health classes, enhancing environmental stewardship and healthy living habits. To date, the program has benefited thousands of children in primary schools largely in Asia, including China, India, Indonesia, Japan, Korea, Malaysia, Myanmar, Singapore, Thailand and Vietnam.
- Carrier Transicold designs and manufactures technologies that transport fresh food from farms to markets, and supports organizations focused on eliminating hunger. Through a grant program with the Feeding America Network, food banks across seven states benefited from a Carrier donation in 2019.
- We are focused on making our communities safer, and that is exactly what Kidde is doing through its Operation Save a Life program. In 2019, Kidde donated more than 90,000 alarms in 19 cities across the United States. Throughout its more than 20-year history, Kidde has donated 1.6 million smoke and carbon monoxide alarms to fire departments.

UNITED FOR AIR

Community Engagement

Each year, Carrier volunteers with local organizations in the communities where we live and work. Thanks to the expertise, creativity and passion of our employees, we are making a difference in all of the places we call home:

- Since 1994, our employees have helped build more than 140 Habitat for Humanity® homes around the world, including the U.S., South Africa and the Philippines. In 2019, Carrier participated in Habitat for Humanity's Jimmy & Rosalynn Carter Work Project for the second consecutive year, where hundreds of employees helped build a north Nashville housing community alongside the former U.S. president and first lady. For each of the 21 homes built, Carrier also donated an Infinity 16 Heat Pump system paired with an Infinity System Control for even greater potential energy savings.

- Our employees have a particular interest in skills-based volunteerism, so we are supporting them through collaborations with leading STEM nonprofits, like FIRST robotics. In 2019 our employees mentored 27 FIRST teams comprised of dozens of students who aspire to be the next generation of engineers, scientists and advanced manufacturing professionals.

- Our employees recognize the importance of conserving our oceans and protecting threatened and endangered species. Just five miles from Carrier's world headquarters is Juno Beach, one of the most active sea turtle nesting beaches in the world. In 2019, our employees volunteered to clean up the beach, and we also sponsored the rehabilitation of a juvenile loggerhead sea turtle, a patient at the Sea Turtle Hospital at Loggerhead Marinelife Center.

GOVERNANCE

We are committed to strong corporate governance practices that are designed to maintain high standards of oversight, accountability, integrity and ethics, while promoting long-term growth in shareowner value.

These standards are reflected in our Code of Ethics, Governance Guidelines, Enterprise Risk Management processes and in our commitment to transparent financial reporting and strong internal controls. Our governance structure enables independent, experienced and accomplished directors to provide advice, insight and oversight of our business.

Governance Frameworks

102-8, 102-20, 102-23, 102-26, 102-29, 102-30

Our corporate governance provides the framework for building a culture of integrity and ethical behavior everywhere we do business. Our Board of Directors, Executive Leadership Team and policies guide our actions and govern the relationships among employees and with our customers and communities.

Our Leadership

Our eight-member Board of Directors includes our Executive Chairman, President & Chief Executive Officer and six independent directors.

Our governance structure enables experienced and diverse directors to provide advice, insight and oversight to advance the interests of Carrier, our shareowners and other stakeholders. Carrier strives to maintain sound governance standards as reflected in our Code of Ethics, Governance Guidelines, our systematic approach to risk management, and our commitment to transparent financial reporting and strong internal controls.

In addition, our Executive Leadership Team oversees corporate strategy, representing the primary organizational functions and leaders within our primary segments: HVAC, Refrigeration, and Fire and Security.

Sustainability Governance

Like our sustainability initiatives, our sustainability governance is integrated throughout the organization and embedded into our culture. Starting with the Board of Directors, the Governance Committee of the board reviews and monitors actions in furtherance of corporate social responsibility. We have also established an ESG Steering Committee, a formal team of cross-functional leaders responsible for driving ESG performance, including our climate change commitments, throughout the company. The Steering Committee regularly engages with the Executive Leadership Team as well as the Board of Directors to report progress. The Steering Committee includes functional representation from finance, human resources, EH&S, supply chain, product quality, product safety, engineering, government relations, investor relations, communications and corporate social responsibility.

We hold relevant employees accountable to GHG emission reductions and factor progress into their annual performance evaluations, and we are committed to transparency on our performance. Our sustainability reporting will continue to align to the GRI, SASB and TCFD reporting frameworks. We will continue our practice of disclosing to the CDP.

Our Policies

Carrier is committed to the highest standards of compliance – in all places, at all times. Our policies represent our principles and align our efforts company-wide. Our Corporate Policy Manual is publicly shared on our website.

Ethics & Compliance

What we do is critical and how we act matters. That is why our Code of Ethics focuses on the core values that serve as the foundation of our culture: respect, integrity, inclusion, innovation and excellence.

Our Code of Ethics

102-16

Our Code of Ethics builds on the enterprise-wide effort we have made to better understand our culture and the values that guide how we operate. We not only understand the importance of achieving our goals the right way, but we are also committed to making it an everyday reality. Our Code of Ethics reflects and reinforces that commitment.

We expect our employees and our business partners to act at all times in a manner consistent with the values and standards set forth in our Code of Ethics. Beyond requiring us to comply with the law, our Code of Ethics demands that we aspire to do the right thing even when the law may permit us to do otherwise.

Carrier develops annual and longer-term objectives, including annual training for all employees, to drive ethics and compliance performance and to drive transformational improvement to our ethics and compliance program.

In 2019, every Carrier employee received annual ethics and compliance training from their supervisor. Furthermore, most employees have access to our online Ethics & Compliance Education Center, where online training is also available. New employees complete nearly 20 ethics and compliance certifications and training courses in their first two years (with about half to be completed within 90 days); two of these modules specifically address corruption risk. Beyond the first two years, employees will continue to receive annual anti-corruption training if they hold a position that presents a higher level of corruption risk.

Anti-Corruption & Fair Competition

205-1, 205-2, 205-3, RT-EE-510a.1

We strive every day to earn the respect of our customers and shareowners based on the quality of our products and services as well as how we do business.

Carrier faces a wide range of business and compliance risks, including those associated with corruption. Through Carrier's Enterprise Risk Management program, a continuous process conducted by all operating units across the corporation, we identify, assess and mitigate risks that may affect achievement of our performance objectives. Senior management is responsible for the implementation of mitigation plans, including those related to prevention of corruption. All allegations of corruption are promptly and thoroughly investigated, and, if verified, reported to senior leadership for disciplinary and corrective action and, where appropriate, to the Audit Committee of Carrier's Board of Directors.

Carrier's commitment to anti-corruption, as outlined in our policy, includes the following:

- **Corrupt Payments:**
  Carrier pursues its objectives solely on the merits. We will not bribe 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.
- **Books and Records:**
  A fundamental requirement of the Carrier operating system is the maintenance of fully accurate and transparent books and records. Carrier maintains a robust audit program to ensure that all of our businesses are upholding these non-negotiable requirements.
- **Third-Party Intermediaries:**
  Our third-party intermediaries are subject to similar rules and will be selected after a robust due diligence process aimed at confirming their good business practices. Once on board, they will be trained and monitored.
- **Reporting and Investigations:**
  In managing risk, Carrier is conservative and data-driven. We use this data for continuous improvement and risk reduction.

Labor & Human Rights

407-1, 408-1, 409-1, 412-1, 412-2, 102-17

We are committed to good citizenship and engaging with others to promote better working conditions for all.

Our global footprint enables us to make our mark in the fight for safer working conditions and equal opportunity around the world. We take robust and thorough measures to protect workers at our own facilities. But we can also promote positive change by encouraging our business partners and communities to respect human rights as well.

Carrier respects and protects human rights by:

- Ensuring safe and healthy working conditions for its employees, based on whatever is most stringent: U.S. standards, local standards or company policies.
- Never using child labor or forced labor, and always seeking out business partners who share our commitment to fighting human or sex trafficking and supporting human rights.
- Prohibiting discrimination based on any unlawful basis, including: race, color, religion, national origin, gender, gender identification or sexual orientation, age, disability, veteran status, marital status, citizenship status, creed and other protected categories as provided by applicable law.
- Delivering compensation and benefits to attract and retain strong talent for our businesses, while complying with all applicable regulations pertaining to wages, hours and legally mandated benefits.
- Recognizing the principle of freedom of association and the right to collective bargaining as they exist under applicable laws in the countries where we operate.
- Promoting responsible sourcing practices and setting expectations for our key suppliers through the Supplier Code of Conduct, including that suppliers must ensure safe and healthy work environments for their employees, avoid discrimination, ensure that child labor is not used, and avoid human trafficking.

Operating within the framework of the Code of Ethics, Carrier promotes those behaviors that build respect and integrity. When employees, contractors and suppliers observe or suspect something inappropriate, we encourage them to speak up and report it. Those who speak up to protect our company will be protected from retaliation.

Carrier is committed to a safe reporting environment that is free of fear, bullying or other negative consequences. Carrier has zero tolerance for retaliation. Anyone engaging in retaliatory behavior or activities that inhibit good-faith reporting will be subject to disciplinary action, up to possible termination.

Carrier offers multiple communication channels for reporting actual or suspected violations of our Code of Ethics.

Cybersecurity & Data Protection

418-1

Respecting Data Privacy

Carrier respects the privacy of the people from whom it collects and processes personal information. We have a comprehensive data privacy compliance program that aims to implement appropriate controls on what personal information we collect and process and how we safeguard it. Our approach involves:

- Following applicable data privacy laws.
- Completing privacy impact assessments for new and modified tools, service providers, and products and services that involve collection or processing of personal information.
- Performing an annual self-assessment of our privacy compliance program, involving hundreds of Carrier's entities.
- Using appropriate security safeguards.
- Adopting detailed policies and Binding Corporate Rules, which are rules for data privacy compliance approved by European regulators.

Carrier's Data Privacy Notice and Data Privacy Policy are available on our website.

Strengthening Cybersecurity

Protecting Carrier, our workforce and our stakeholders from cyber risks is a shared responsibility across our organization. It begins with our Cybersecurity team, a part of our Digital Technology organization, which advances a cyber-defense strategy seeking to detect, mitigate and respond to ever-changing cyber threats.

We engage industry experts to conduct regular assessments to validate defensive measures, employing a comprehensive risk management framework to enable effective escalation and management.

Similarly for product security, we collaborate with industry experts to conduct cybersecurity assessments on key products across our portfolio.

As part of governance practices, the Audit Committee of the Carrier Board of Directors reviews Carrier's privacy and the cybersecurity compliance programs on a regular basis to facilitate proper investments in people, process and technology.

ESG INDICES

Cautionary Statement:

This report contains forward-looking statements (including statements that constitute forward-looking statements under the securities laws). These forward-looking statements are intended to provide management's current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates and other measures of financial performance or potential future plans, strategies or transactions of Carrier, estimated costs associated with the Separation, statements with respect to current and future potential implications of corporate social responsibility and sustainability topics and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements speak only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the Securities and Exchange Commission.

ESG Topics

The results of our assessment include the below set of ESG topics, which guide the content of this report and our GRI Standards disclosures.

Topic	Definition	Boundary			Location in Report
		Upstream (Suppliers)	*Carrier*	*Downstream (Products)*	
Climate Change	Mitigating Carrier's impact on climate change through operational and product impacts, and innovating to support communities' adaptation to life in a changing climate.		✓	✓	Innovating for a Sustainable World, pp. 13-23 Operations, pp. 24-36 Communities, pp. 48-51
Community Engagement & Investment	Engaging local communities to understand community needs and concerns while minimizing negative impacts from operations; investing time and resources to support community organizations via philanthropy and volunteerism.		✓	✓	Communities, pp. 48-51
Corporate Governance	Implementing sound corporate governance practices, ensuring the company operates ethically and with integrity while maximizing the long-term interests of stakeholders.		✓		Governance, pp. 52-56
Cybersecurity & Data Privacy	Protecting Carrier's intellectual property and data from breaches, and ensuring the privacy and security of employee, supplier and customer data from the use of Carrier products.		✓	✓	Governance, pp. 52-56
Diversity & Inclusion	Promoting diversity and ensuring a non-discriminatory hiring process and work environment.	✓	✓		Our People & Culture, pp. 37-47
Environmental Responsibility	Minimizing the environmental impact of Carrier's operations and those of our suppliers by acting in accordance with environmental laws and regulations and minimizing our environmental footprint in key areas such as energy and emissions, waste and water.	✓	✓		Operations, pp. 24-36
Ethics & Compliance	Promoting ethical behavior at Carrier and across our value chain, including compliance with all relevant laws and regulations, engaging in fair and competitive business practices, preventing corruption and bribery, and marketing responsibly.	✓	✓		Governance, pp. 52-56

Topic	Definition	Boundary			Location in Report
		Upstream (Suppliers)	*Carrier*	*Downstream (Products)*	
Human & Labor Rights	Ensuring human rights across Carrier's operations and supply chain, including the topics of forced and child labor, proper working conditions, managing conflict minerals, freedom of association and collective bargaining, and maintaining systems to report labor concerns.	✓	✓		Operations, pp. 24-36 Our People & Culture, pp. 37-47 Governance, pp. 52-56
Innovation & Efficiency	Innovating products and services to incorporate sustainable attributes, such as energy efficiency, smart systems/digitization, lifecycle design and cold chain solutions.		✓	✓	Innovating for a Sustainable World, pp. 13-23
Occupational Health & Safety	Providing Carrier employees a safe working environment, promoting supply chain safety through our vendor qualification and monitoring processes, and promoting workplace safety to customers worldwide through our products.	✓	✓	✓	Our People & Culture, pp. 37-47
Product Safety & Quality	Monitoring, managing and reducing negative impacts of Carrier's products while maintaining design and manufacturing policies and practices that ensure high product quality.		✓	✓	Innovating for a Sustainable World, pp. 13-23
Stakeholder Engagement	Seeking input from – and sharing relevant information with – Carrier's key stakeholders, including engaging with governments to promote informed public policy, and providing transparency about public policy participation, maintaining positive relationships with customers and establishing systems to measure satisfaction and engaging investors around ESG topics.		✓	✓	Innovating for a Sustainable World, pp. 13-23 Our People & Culture, pp. 37-47
Talent Management	Attracting, developing and retaining high-quality and engaged talent to maintain a skilled workforce, and adapt to new technology and automation that manufacturing and R&D will require.		✓		Our People & Culture, pp. 37-47
Tax Transparency	Developing a responsible tax strategy, contributing to government revenues through taxes, and providing transparency on taxes paid.		✓		Form 10 Information Statement

GRI Content Index

Universal Standard Disclosures

<table>
<tr><th>GRI Standard</th><th>Disclosure Language</th><th>Carrier 2019 Response</th><th>Related SDGs</th></tr>
<tr><td colspan="4">Organizational Profile</td></tr>
<tr><td>102-1</td><td>Name of organization</td><td>Carrier Global Corporation</td><td></td></tr>
<tr><td>102-2</td><td>Activities, brands, products, and services</td><td>Form 10 Information Statement, pp. 9-10</td><td></td></tr>
<tr><td>102-3</td><td>Location of headquarters</td><td>Carrier is headquartered in Palm Beach Gardens, Florida, U.S.A.</td><td></td></tr>
<tr><td>102-4</td><td>Location of operations</td><td>Form 10 Information Statement, pp. 9-10</td><td></td></tr>
<tr><td>102-5</td><td>Ownership and legal form</td><td>Carrier Global Corporation (CARR) is a publicly traded company listed on the New York Stock Exchange.</td><td></td></tr>
<tr><td>102-6</td><td>Markets served</td><td>Form 10 Information Statement, pp. 9-10</td><td></td></tr>
<tr><td>102-7</td><td>Scale of organization</td><td>Carrier Fact Sheet</td><td></td></tr>
<tr><td>102-8</td><td>Information on employees and other workers</td><td>Carrier has approximately 53,000 employees around the world.

Global Workforce by Gender
<table><tr><th></th><th>Female</th><th>Male</th></tr><tr><td>Permanent</td><td>26%</td><td>74%</td></tr></table>
<table><tr><th></th><th>Female</th><th>Male</th></tr><tr><td>Americas</td><td>31%</td><td>69%</td></tr><tr><td>EMEA</td><td>22%</td><td>78%</td></tr><tr><td>APAC</td><td>27%</td><td>73%</td></tr></table>
Global Workforce by Region
<table><tr><th></th><th></th></tr><tr><td>Americas</td><td>32%</td></tr><tr><td>EMEA</td><td>43%</td></tr><tr><td>APAC</td><td>25%</td></tr></table>
<table><tr><th colspan="2">Women Executives</th></tr><tr><td>2015</td><td>20%</td></tr><tr><td>2016</td><td>25%</td></tr><tr><td>2017</td><td>28%</td></tr><tr><td>2018</td><td>30%</td></tr><tr><td>2019</td><td>31%</td></tr></table>
<table><tr><th colspan="2">U.S. People of Color Executives</th></tr><tr><td>2015</td><td>13%</td></tr><tr><td>2016</td><td>13%</td></tr><tr><td>2017</td><td>13%</td></tr><tr><td>2018</td><td>17%</td></tr><tr><td>2019</td><td>20%</td></tr></table>
<table><tr><th colspan="2">U.S. People of Color Professionals</th></tr><tr><td>2015</td><td>18%</td></tr><tr><td>2016</td><td>18%</td></tr><tr><td>2017</td><td>20%</td></tr><tr><td>2018</td><td>21%</td></tr><tr><td>2019</td><td>22%</td></tr></table></td><td>SDG 8</td></tr>
<tr><td>102-9</td><td>Supply chain</td><td>Carrier's Suppliers</td><td></td></tr>
</table>

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
102-10	Significant changes to the organization and its supply chain	Form 10 Information Statement, pp. 9-20	
102-11	Precautionary principle or approach	Form 10 Information Statement, pp. 107-108	
102-12	External initiatives	Carrier supports a number of external charters, principles and initiatives. These include: • CEO Climate Dialogue • CEO Action for Diversity and Inclusion • The European Union's commitment to carbon neutrality by 2050 • The Global Cooling Prize • Paradigm for Parity • The Paris Climate Agreement • Rome Declaration on the Contribution of the Montreal Protocol to Food Loss Reduction through Sustainable Development	
102-13	Memberships of association	As a newly independent company, Carrier is continuing our existing strategic memberships and associations while constantly evaluating opportunities for additional contributions and leadership. Today, we are proud to be a member of several key industry and issue-specific organizations, which include: • Air-Conditioning & Refrigeration Equipment Manufacturers Association (AREMA) • Air-Conditioning, Heating, and Refrigeration Institute (AHRI) • Alliance for an Energy Efficient Economy (AEEE) • Alliance for Responsible Atmospheric Policy • Alliance Froid Climatisation Environnement (AFCE) • American Chamber of Commerce (AMCHAM) • American Hotel & Lodging Association • American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) • Australian Security Industry Association Limited (ASIAL) • Automotive Industry Action Group (AIAG) • Builders Hardware Manufacturers Association • Business Roundtable • China Fire Protection Association • China Refrigeration and Air Conditioning Industry Association (CRAA) • Chinese Association of Refrigeration (CAR) • Confederation of Indian Industry (CII) • Container Owners Association (COA) • Euralarm • European Fire Sprinkler Network (EFSN) • European Partnership for Energy and the Environment (EPEE) • Eurovent • Fire & Safety Association of India (FSAI) • Fire Protection Industry Board (FPIB) • Global Cold Chain Alliance (GCCA) • Global Food Cold Chain Council (GFCCC) • International Water Mist Association (IWMA) • International Well Building Institute (IWBI) • Fire Protection Association of Australia (FPAA) • Refrigeration and Air Conditioning Manufacturers Association (RAMA) • Syndicat National des Entreprises du Froid, d'Equipements de Cuisines Professionnelles et du Conditionnement de l'Air (SNEFCCA) • Transfrigoroute International • Uniclima • Urban Green • U.S. Green Building Council • World Green Building Council	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
Strategy			
102-14	Statement from senior decision-maker	CEO Letter, p. 3	
102-15	Key impacts, risks, and opportunities	Form 10 Information Statement, pp. 11-16	
Ethics & Integrity			
102-16	Values, principles, standards, and norms of behavior	Our Values Culture & Engagement, p. 42 Our Code of Ethics, p. 54	SDG 16
102-17	Mechanisms for advice and concerns about ethics	Anonymous Reporting Program	SDG 16
Governance			
102-18	Governance structure	Form 10 Information Statement, pp. 101-109	
102-20	Executive-level responsibility for economic, environmental and social topics	Carrier Governance Committee	
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement, p. 12	SDG 16
102-22	Composition of highest governance body and its committees	Corporate Governance	SDG 5, SDG 16
102-23	Chair of the highest governance body	Corporate Governance	SDG 16
102-24	Nominating and selecting the highest governance body	Carrier Corporate Governance Guidelines, pp. 2-5	SDG 5, SDG 16
102-25	Conflicts of interest	Carrier Corporate Governance Guidelines, p. 3	SDG 16
102-26	Role of the highest governance body in setting purpose, values, and strategy	Carrier Governance Committee Charter, p. 3	
102-28	Evaluating the highest governance body's performance	Carrier Corporate Governance Guidelines, pp. 1-2 and 5-7	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
102-33	Communicating critical concerns	Contact Carrier's Board of Directors	
102-35	Remuneration policies	Form 10 Information Statement, pp. 110-135	
102-36	Process for determining remuneration	Form 10 Information Statement, pp. 110-135	
102-37	Stakeholders involvement in remuneration	Form 10 Information Statement, pp. 110-135	SDG 16
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement, p. 12	
102-41	Collective bargaining agreements	Approximately 75% of Carrier's more than 4,500 domestic production and maintenance employees are covered under seven collective bargaining agreements with expiration dates ranging from 2020 to 2023. In Europe, our more than 19,000 European Union employees are all covered under European Works Council agreements. At the national and local level, we inform and consult with 58 local works councils and EU employees at more than 40 union-represented sites are covered by Collective Agreements.	SDG 8
102-42	Identifying and selecting stakeholders	Materiality & Stakeholder Engagement, pp. 11-12	
102-43	Approach to stakeholder engagement	Materiality & Stakeholder Engagement, pp. 11-12	
102-44	Key topics and concerns raised	Materiality & Stakeholder Engagement, pp. 11-12	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Form 10 Information Statement, pp. 80-81	
102-46	Defining report content and topic boundaries	Materiality & Stakeholder Engagement, pp. 11-12	
102-47	List of material topics	Materiality & Stakeholder Engagement, pp. 11-12	
102-48	Restatements of information	This is Carrier's first Environmental, Social & Governance Report as an independent company. As such, there are no restatements of information at this time.	
102-49	Changes in reporting	This is Carrier's first Environmental, Social & Governance Report as an independent company. As such, there are no significant changes to report regarding previous reporting periods.	
102-50	Reporting period	The 2020 Environmental, Social & Governance Report is Carrier's first ESG report as a stand-alone company, and covers performance for calendar year 2019. The policies and management practices referenced throughout this report were adopted prior to our separation from our prior parent company, UTC. Although the policies and practices have since been refined, they are subject to further change as Carrier continues to adapt its organizational approach as a newly public company.	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
102-51	Date of most recent report	This is Carrier's first Environmental, Social & Governance Report as an independent company.	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	CorporateResponsibility@carrier.com	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	GRI content index	We publish our GRI Standards content index in our Environmental, Social & Governance Report, starting on page 60.	
102-56	External assurance	At this time, Carrier does not have its Environmental, Social & Governance Report externally assured.	

GRI Content Index

Topic-Specific Standard Disclosures

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
Economic Performance			
103-1	Explanation of the material topic and its Boundary	Form 10 Information Statement	
103-2	The management approach and its components	Form 10 Information Statement	
103-3	Evaluation of the management approach	Form 10 Information Statement	
201-1	Direct economic value generated and distributed	Form 10 Information Statement	SDG 2, SDG 5, SDG 7, SDG 9
Anti-Corruption			
103-1	Explanation of the material topic and its Boundary	Carrier's Ethics & Compliance; Ethics & Compliance, pp. 54-55	
103-2	The management approach and its components	Carrier's Ethics & Compliance; Ethics & Compliance, pp. 54-55	
103-3	Evaluation of the management approach	Carrier's Ethics & Compliance; Ethics & Compliance, pp. 54-55	
205-1	Operations assessed for risks related to corruption	Carrier takes a stand against corruption, championing fair and transparent market practices everywhere we do business. Carrier Code of Ethics, pp 30-31	SDG 16
205-2	Communication and training about anti-corruption policies and procedures	Carrier's Ethics and Compliance; Ethics & Compliance, pp. 54-55	SDG 16
205-3	Confirmed incidents of corruption and actions taken	Carrier strictly prohibits all forms of corruption. In 2019, we know of no incidents or legal cases associated with bribery or corruption which would have a material impact on our company or our stakeholders. All allegations of corruption are investigated thoroughly, fairly and impartially with the objective of identifying actions for continuous improvement.	SDG 16
Materials			
103-1	Explanation of the material topic and its Boundary	Materials & Circularity, pp. 19-20	
103-2	The management approach and its components	Materials & Circularity, pp. 19-20	
103-3	Evaluation of the management approach	Materials & Circularity, pp. 19-20	
301-1	Materials used by weight or volume	Materials & Circularity, pp. 19-20	SDG 8, SDG 12

<table>
<tr><th>GRI Standard</th><th>Disclosure Language</th><th>Carrier 2019 Response</th><th>Related SDGs</th></tr>
<tr><td colspan="4">Energy</td></tr>
<tr><td>103-1</td><td>Explanation of the material topic and its Boundary</td><td>Energy & Emissions, p. 32</td><td></td></tr>
<tr><td>103-2</td><td>The management approach and its components</td><td>Innovating for a Sustainable World, pp. 13-23
Carrier Environment, Health and Safety Policy
Energy & Emissions, p. 32</td><td></td></tr>
<tr><td>103-3</td><td>Evaluation of the management approach</td><td>Energy & Emissions, p. 32</td><td></td></tr>
<tr><td>302-1</td><td>Energy Consumption within the organization</td><td>
<table>
<tr><th colspan="4">Energy Use by Source</th></tr>
<tr><th></th><th>2019</th><th>2018</th><th>2017</th></tr>
<tr><td>Purchased Electricity (MWh)</td><td>455,093</td><td>457,819</td><td>462,547</td></tr>
<tr><td>Propane (Gallons)</td><td>657,397</td><td>589,533</td><td>591,790</td></tr>
<tr><td>Natural Gas (Cu Ft)</td><td>947,176,081</td><td>1,030,939,355</td><td>1,003,104,543</td></tr>
<tr><td>Butane (Gal)</td><td>74,628</td><td>37,501</td><td>4,356</td></tr>
<tr><td>Distillate Oil (Gal)</td><td>47,542</td><td>44,025</td><td>51,407</td></tr>
<tr><td>#4 Oil Usage (Gal)</td><td>1,503</td><td>1,652</td><td>3,462</td></tr>
<tr><td>Residual Oil Usage (Gal)</td><td>0</td><td>15,087</td><td>78,175</td></tr>
<tr><td>Gasoline Usage (Gals)</td><td>5,705</td><td>20,834</td><td>46,466</td></tr>
<tr><td>Diesel Fuel (Gals)</td><td>172,647</td><td>159,303</td><td>208,355</td></tr>
<tr><td>Purchased Steam (MMBTU)</td><td>40,388</td><td>31,195</td><td>33,526</td></tr>
<tr><td>Fleet Vehicle Gasoline (Gals)</td><td>10,617,171</td><td>11,062,009</td><td>12,077,521</td></tr>
</table>
</td><td>SDG 7, SDG 8, SDG 12, SDG 13</td></tr>
<tr><td>302-2</td><td>Energy consumption outside of the organization</td><td>Innovating for a Sustainable World, pp. 13-23
Carrier CO_2NSERVATION Meter</td><td></td></tr>
<tr><td>302-3</td><td>Energy intensity</td><td>
<table>
<tr><th></th><th>Unit of Measure</th><th>2019</th><th>2018</th><th>2017</th></tr>
<tr><td>Numerator[1]</td><td>GJ</td><td>2,816,891</td><td>2,894,938</td><td>2,788,108</td></tr>
<tr><td>Denominator</td><td>Million USD Revenue</td><td>18,608</td><td>18,914</td><td>17,814</td></tr>
<tr><td>Energy Intensity (Ratio)</td><td></td><td>151</td><td>153</td><td>163</td></tr>
</table>
[1] Factory energy only
</td><td></td></tr>
</table>

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
302-5	Reductions in energy requirements of products and services	Innovating for a Sustainable World, pp. 13-23 Carrier CO_2NSERVATION Meter	SDG 7, SDG 8, SDG 12, SDG 13
Water			
103-1	Explanation of the material topic and its Boundary	Water, p.32	
103-2	The management approach and its components	Water, p.32 Carrier Environment, Health and Safety Policy	
103-3	Evaluation of the management approach	Water, p.32	
303-1	Interactions with water as a shared resource	Water, p.32	SDG 6
303-2	Management of water discharge related impacts	Our management system outlines minimum discharge limits for storm water and industrial discharge that are well below industry standards and regulatory requirements.	SDG 6
303-3	Water withdrawal	Total water withdrawal (thousands of cubic meters) 2019 - 1,135 2018 - 1,212 2017 - 1,298	SDG 6, SDG 8, SDG 12
303-4	Water discharge	Total water discharge (thousands of cubic meters) 2019 - 896 2018 - 879 2017 - 836	
303-5	Water consumption	**2019** / **2018** / **2017** **Water Withdrawal (thousands of cubic meters)** 1,135 / 1,212 / 1,198 **Water Discharge (thousands of cubic meters)** 896 / 879 / 836 **Water Consumption (thousands of cubic meters)** 239 / 333 / 362	
Emissions			
103-1	Explanation of the material topic and its Boundary	Energy & Emissions, p. 32	
103-2	The management approach and its components	Energy & Emissions, p. 32 Innovating for a Sustainable World, pp. 13-23 Carrier Environment, Health and Safety Policy	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
103-3	Evaluation of the management approach	Energy & Emissions, p. 32	
305-1	Direct (Scope 1) GHG emissions	Scope 1 Emissions - Metric Tons 2019 - 126,455 2018 - 133,575 2017 - 146,164	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
305-2	Energy indirect (Scope 2) GHG emissions	Scope 2 Emissions - Metric Tons 2019 - 270,038 2018 - 275,796 2017 - 294,247	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
305-3	Other indirect (Scope 3) GHG emissions	Policy & Partnerships, p. 23 Carrier CO_2NSERVATION Meter	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
305-5	Reduction of GHG emissions	2020 Sustainability Goals Performance, p. 31	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
Effluents & Waste			
103-1	Explanation of the material topic and its Boundary	Waste, p. 33	
103-2	The management approach and its components	Waste, p. 33 Carrier Environment, Health and Safety Policy	
103-3	Evaluation of the management approach	Waste, p. 33	
306-1	Water discharge by quality and destination	Our environmental management systems outline minimum limits for storm water and industrial discharge that are well below industry standards and regulatory requirements.	SDG 3, SDG 6, SDG 12, SDG 13, SDG 14, SDG 15

<table>
<tr><th>GRI Standard</th><th>Disclosure Language</th><th>Carrier 2019 Response</th><th>Related SDGs</th></tr>
<tr><td>306-2</td><td>Waste by type and disposal method</td><td>2020 Sustainability Goals Performance, p. 31
<table><tr><th></th><th>2019</th><th>2018</th><th>2017</th></tr><tr><td>Total Industrial Process Waste (metric tons)</td><td>62,975</td><td>68,340</td><td>66,565</td></tr><tr><td>Industrial Waste Recycled (metric tons)</td><td>59,328</td><td>64,584</td><td>62,813</td></tr><tr><td>Hazardous Waste Generated (metric tons)</td><td>2,060</td><td>1,773</td><td>1,851</td></tr><tr><td>Hazardous Waste Recycled (metric tons)</td><td>325</td><td>359</td><td>342</td></tr></table></td><td>SDG 3, SDG 6, SDG 13, SDG 15</td></tr>
<tr><td>306-3</td><td>Significant spills</td><td colspan="2">Carrier has had no significant hazardous waste spill during the reporting period.</td><td>SDG 3, SDG 6, SDG 12, SDG 13, SDG 14, SDG 15</td></tr>
<tr><td colspan="4">Employment</td></tr>
<tr><td>103-1</td><td>Explanation of the material topic and its Boundary</td><td colspan="2">Our People & Culture, pp. 37-47</td><td></td></tr>
<tr><td>103-2</td><td>The management approach and its components</td><td colspan="2">Our People & Culture, pp. 37-47</td><td></td></tr>
<tr><td>103-3</td><td>Evaluation of the management approach</td><td colspan="2">Our People & Culture, pp. 37-47</td><td></td></tr>
<tr><td>401-1</td><td>New employee hires and employee turnover</td><td colspan="2"><table><tr><th>2019 Global Turnover Rate by Gender</th><th></th></tr><tr><td>Male</td><td>8%</td></tr><tr><td>Female</td><td>8.5%</td></tr><tr><td>Total</td><td>8%</td></tr></table><table><tr><th>2019 Carrier Global Voluntary Turnover Rate by Region</th><th></th></tr><tr><td>Americas</td><td>10%</td></tr><tr><td>EMEA</td><td>6%</td></tr><tr><td>APAC</td><td>8%</td></tr><tr><td>Total</td><td>8%</td></tr></table></td><td>SDG 5, SDG 8</td></tr>
<tr><td>401-2</td><td>Benefits provided to full-time employees that are not provided to temporary or part-time employees</td><td colspan="2">Total Rewards, p. 47</td><td></td></tr>
<tr><td>401-3</td><td>Parental leave</td><td colspan="2">In 2019, 175 US-based employees took parental leave. 169 are currently active Carrier employees (97%).</td><td>SDG 5, SDG 8</td></tr>
<tr><td colspan="4">Occupational Health & Safety</td></tr>
<tr><td>103-1</td><td>Explanation of the material topic and its Boundary</td><td colspan="2">Workplace Health & Safety, pp. 34-35</td><td></td></tr>
<tr><td>103-2</td><td>The management approach and its components</td><td colspan="2">Workplace Health & Safety, pp. 34-35
Carrier Environment, Health and Safety Policy</td><td></td></tr>
<tr><td>103-3</td><td>Evaluation of the management approach</td><td colspan="2">Workplace Health & Safety, pp. 34-35</td><td></td></tr>
</table>

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
403-1	Occupational health and safety management system	Workplace Health & Safety, pp. 34-35 Sustainable Operations	SDG 8
403-2	Hazard identification, risk assessment, and incident investigation	Workplace Health & Safety, pp. 34-35	SDG 3, SDG 8
403-3	Occupational health services	Workplace Health & Safety, pp. 34-35	SDG 3, SDG 8
403-4	Worker participation, consultation, and communication on occupational health and safety	Workplace Health & Safety, pp. 34-35	SDG 8
403-5	Worker training on occupational health and safety	Workplace Health & Safety, pp. 34-35	
403-8	Workers covered by an occupational health and safety management system	All Carrier employees are covered by an occupational health and safety management system. 37% of Carrier's global manufacturing facilities hold ISO 14001-registered environmental management systems. 14% maintain OHSAS 18001, with plans to convert these to ISO 45001.	
403-9	Work-related injuries	Workplace Health & Safety, pp. 34-35 **2019 Fatalities** Employee: 1 Contractor: 1	
Training & Education			
103-1	Explanation of the material topic and its Boundary	Our People & Culture, pp. 37-47	
103-2	The management approach and its components	Our People & Culture, pp. 37-47	
103-3	Evaluation of the management approach	Our People & Culture, pp. 37-47	
404-1	Average hours of training per year per employee	Each year our employees complete thousands of hours of training through internal training programs, web-based eLearning, virtual classrooms and external seminars. Our online learning metrics for 2019 include: Number of courses completed: 196,059 Number of distinct participants: 29,267 Number of hours of online learning: 58,078	SDG 4, SDG 5, SDG 8
404-2	Programs for upgrading employee skills and transition assistance programs	Development & Career Progression, pp. 39-41	SDG 8
404-3	Percentage of employees receiving regular performance and career development reviews	Development & Career Progression, pp. 39-41	SDG 5, SDG 8
Diversity & Equal Opportunity			
103-1	Explanation of the material topic and its Boundary	Diversity & Inclusion, pp. 44-46	
103-2	The management approach and its components	Diversity & Inclusion, pp. 44-46	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
103-3	Evaluation of the management approach	Diversity & Inclusion, pp. 44-46	
405-1	Diversity of governance bodies and employees	Diversity & Inclusion, pp. 44-46 Carrier's Board of Directors is 25% diverse.* Carrier direct reports to the CEO are >50% diverse.* See response to 102-8.	SDG 5, SDG 8
Non-Discrimination			
103-1	Explanation of the material topic and its Boundary	Diversity & Inclusion, pp. 44-46	
103-2	The management approach and its components	Diversity & Inclusion, pp. 44-46	
103-3	Evaluation of the management approach	Diversity & Inclusion, pp. 44-46	
406-1	Incidents of discrimination and corrective actions taken	Carrier Code of Ethics, p. 45	SDG 5. SDG 8, SDG 16
Freedom of Association & Collective Bargaining			
103-1	Explanation of the material topic and its Boundary	Carrier Code of Ethics, p. 45	
103-2	The management approach and its components	Carrier Code of Ethics, p. 45	
103-3	Evaluation of the management approach	Carrier Code of Ethics, p. 45	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supplier Code of Conduct Carrier Code of Ethics, p. 45	SDG 8
Child Labor			
103-1	Explanation of the material topic and its Boundary	Carrier Code of Ethics, p. 45	
103-2	The management approach and its components	Carrier Code of Ethics, p. 45	
103-3	Evaluation of the management approach	Carrier Code of Ethics, p. 45	

* Women or people of color

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
408-1	Operations and suppliers at significant risk for incidents of child labor	Carrier Code of Ethics, p. 45 Supplier Code of Conduct Human Trafficking Policy Statement California Transparency In Supply Chains Act	SDG 8, SDG 16
Forced or Compulsory Labor			
103-1	Explanation of the material topic and its Boundary	Carrier Code of Ethics, p. 45	
103-2	The management approach and its components	Carrier Code of Ethics, p. 45	
103-3	Evaluation of the management approach	Carrier Code of Ethics, p. 45	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Carrier Code of Ethics, p. 45 Supplier Code of Conduct Human Trafficking Policy Statement California Transparency In Supply Chains Act	SDG 8
Human Rights Assessment			
103-1	Explanation of the material topic and its Boundary	Carrier Code of Ethics, p. 45	
103-2	The management approach and its components	Carrier Code of Ethics, p. 45	
103-3	Evaluation of the management approach	Carrier Code of Ethics, p. 45	
412-2	Employee training on human rights policies or procedures	In 2019, every Carrier employee received annual ethics and compliance training from their supervisor. Furthermore, most employees have access to our online Ethics & Compliance Education Center, where online training is also available. New employees complete nearly 20 ethics and compliance certifications and training courses in their first two years (with about half to be completed within 90 days). Labor & Human Rights, p. 55	
Local Communities			
103-1	Explanation of the material topic and its Boundary	Communities, pp. 48-51	
103-2	The management approach and its components	Communities, pp. 48-51	
103-3	Evaluation of the management approach	Communities, pp. 48-51	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
413-1	Operations with local community engagement, impact assessments, and development programs	Communities, pp. 48-51 Our Communities	
413-2	Operations with significant actual and potential negative impacts on local communities	Communities, pp. 48-51 Our Communities	SDG 1, SDG 2
Supplier Social Assessment			
103-1	Explanation of the material topic and its Boundary	Our Suppliers, pp. 28-29	
103-2	The management approach and its components	Our Suppliers, pp. 28-29	
103-3	Evaluation of the management approach	Our Suppliers, pp. 28-29	
414-1	New suppliers that were screened using social criteria	Supplier Code of Conduct Human Trafficking Policy Statement California Transparency In Supply Chains Act	SDG 5, SDG 8, SDG 16
Public Policy			
103-1	Explanation of the material topic and its Boundary	Carrier Code of Ethics, p. 49	
103-2	The management approach and its components	Carrier Code of Ethics, p. 49	
103-3	Evaluation of the management approach	Carrier Code of Ethics, p. 49	
415-1	Political Contributions	Corporate Policy Manual 12 - Government Relations	SDG 16
Customer Health & Safety			
103-1	Explanation of the material topic and its Boundary	Product Safety & Quality, pp. 26-27	
103-2	The management approach and its components	Product Safety & Quality, pp. 26-27	
103-3	Evaluation of the management approach	Product Safety & Quality, pp. 26-27	
416-1	Assessment of the health and safety impacts of product and service categories	Corporate Policy Manual 3 - Product Integrity	

GRI Standard	Disclosure Language	Carrier 2019 Response	Related SDGs
Innovation & Efficiency			
103-1	Explanation of the material topic and its Boundary	Our Sustainable Innovation Strategy, pp. 13-23	
103-2	The management approach and its components	Our Sustainable Innovation Strategy, pp. 13-23	
103-3	Evaluation of the management approach	Our Sustainable Innovation Strategy, pp. 13-23	
Topic-Specific Indicator	Avoided GHG emissions as a result of the installation of high-efficiency Carrier air-conditioning, heating and refrigeration systems by customers	Carrier's CO_2NSERVATION Meter estimates avoided GHG emissions as a result of the installation of high-efficiency Carrier air-conditioning, heating and refrigeration systems by customers around the world. From 2000 to 2019, we have avoided nearly 300 million metric tons of GHG emissions, equal to taking more than 60 million cars off the road for one year. For more information, see the Carrier CO_2NSERVATION Meter.	

SASB Disclosure

Topic	Accounting Metric	Category	Code	Carrier Metric or Qualitative Disclosure	Carrier 2019 Response
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	RT-EE-130a.1	MWh	See response for GRI 302-1
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	RT-EE-150a.1	Metric Tons, Percentage	See response for GRI 306-2
	Number and aggregate quantity of reportable spills, quantity recovered	Quantitative	RT-EE-150a.2	Number	See response for GRI 306-3
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	RT-EE-440a.1	Discussion and analysis linked in Response column	Form 10 Information Statement, p. 27
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	RT-EE-510a.1	Discussion and analysis linked in Response column	Ethics & Compliance, pp. 54-55 Carrier's Ethics and Compliance Carrier Code of Ethics Carrier Corporate Policy Manual 5 – Antitrust Compliance Program Carrier Corporate Policy Manual 8 – Anti-Corruption
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	RT-EE-510a.2	Number	In 2019, we know of no incidents or legal cases associated with bribery or corruption which would have a material impact on our company or our stakeholders.
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	RT-EE-510a.3	Number	In 2019, there are no incidents or legal cases associated with anti-competitive behavior regulations which would have a material impact on our company or our stakeholders.

TCFD Disclosure

TCFD Disclosure Recommendation	Our Progress	Reference
Governance		
1) Describe the board's oversight of climate-related risks and opportunities.	The Governance Committee of the Board of Directors reviews and monitors actions in furtherance of corporate social responsibility.	Governance Committee Charter
2) Describe management's role in assessing and managing climate-related risks and opportunities.	Carrier's ESG Steering Committee is a formal team of cross-functional leaders responsible for driving ESG performance, including our climate change commitments, throughout the company. The committee regularly engages with the C-Suite as well as the Board of Directors to report progress.	Governance Frameworks, p. 53
Strategy		
3) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Carrier has identified the following climate-related risks as potentially financially material to the organization: Global climate change and related regulations could negatively affect our business. Cooler than normal summers or warmer than normal winters may depress our sales. Natural disasters or other unexpected events may disrupt our operations, adversely affect our results of operations and financial conditions, and may not be covered by insurance.	Form 10 Information Statement, pp. 24-25
4) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Carrier is committed to developing solutions and technologies that reduce energy consumption and GHG emissions. We offer sustainable solutions throughout our portfolio, and are committed to using low GWP refrigerants in all our applications to lower the GHG footprint of our products.	Innovating for a Sustainable World, pp. 13-23 Operations, pp. 24-36 Form 10 Information Statement
5) Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	In 2020, we will conduct our first climate risk scenario analysis as a stand-alone company to determine the impacts that physical and transition climate risks have on our operations. These results will be disclosed in our CDP disclosure and 2021 ESG Report.	Innovating for a Sustainable World, pp. 13-23
Risk Management		
6) Describe the organization's processes for identifying and assessing climate-related risks.	In 2020 Carrier completed our first materiality assessment to inform sustainability management and reporting. The Carrier ESG Steering Committee validated the results, which were endorsed by the Carrier Executive Leadership Team and Carrier's Board of Directors through its Governance Committee. We are integrating the climate-related risk identification and assessment and management processes within Carrier's Enterprise Risk Management program.	Materiality & Stakeholder Engagement, pp. 11-12
7) Describe the organization's processes for managing climate-related risks.	We are integrating the climate-related risk management process within Carrier's segments.	N/A
8) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	We are integrating the climate-related risk identification, assessment and management processes within Carrier's Enterprise Risk Management program.	N/A

TCFD Disclosure Recommendation	Our Progress	Reference
Metrics & Targets		
9) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate-related metrics are listed in the "2020 Sustainability Goals Performance" section.	2020 Sustainability Goals Performance, pg. 31
10) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	GHG emission metrics are listed in the "2020 Sustainability Goals Performance" section.	2020 Sustainability Goals Performance, pg. 31
11) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Emissions targets and KPIs are listed in the "2020 Sustainability Goals Performance" section.	2020 Sustainability Goals Performance, pg. 31

Trademark Disclaimer:

Carrier Global Corporation and its affiliates' and subsidiaries' names, abbreviations thereof, logos, and product and service designators are either the registered or unregistered trademarks or trade names of Carrier Global Corporation and its affiliates and subsidiaries. Names of other companies, abbreviations thereof, logos of other companies, and product and service designators of other companies are either the registered or unregistered trademarks or trade names of their respective owners.

©2020 Carrier. All Rights Reserved.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-39220

CARRIER GLOBAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**83-4051582**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418

(Address of principal executive offices, including zip code)

(561) 365-2000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.01 par value)	CARR	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒. No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☒	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting Common Stock held by non-affiliates of the Registrant as of June 30, 2020, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately $19.2 billion, based on the New York Stock Exchange closing price for such shares on that date. Solely for purposes of this disclosure, shares of Common Stock held by executive officers and directors of the Registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not necessarily a conclusive determination for any other purpose.

As of January 31, 2021, there were 869,213,146 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III hereof incorporates by reference portions of the Registrant's definitive proxy statement related to its 2021 annual meeting of shareowners.

Index

	Page
PART I	2
Item 1. Business	2
Cautionary Note Concerning Factors That May Affect Future Results	8
Item 1A. Risk Factors	10
Item 1B. Unresolved Staff Comments	26
Item 2. Properties	27
Item 3. Legal Proceedings	27
Item 4. Mine Safety Disclosures	28
PART II	29
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	29
Item 6. Selected Financial Data	30
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	51
Item 8. Financial Statements and Supplementary Data	52
Report of Independent Registered Public Accounting Firm	52
Consolidated Statement of Operations	54
Consolidated Statement of Comprehensive Income	55
Consolidated Balance Sheet	56
Consolidated Statement of Changes in Equity	57
Consolidated Statement of Cash Flows	58
Notes to Consolidated Financial Statements	59
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	99
Item 9A. Controls and Procedures	99
Item 9B. Other Information	99
PART III	99
Item 10. Directors, Executive Officers and Corporate Governance	99
Item 11. Executive Compensation	101
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	101
Item 13. Certain Relationships and Related Transactions, and Director Independence	102
Item 14. Principal Accountant Fees and Services	102
PART IV	102
Item 15. Exhibits, Financial Statement Schedules	102
Item 16. Form 10-K Summary	105
SIGNATURES	106

Carrier Global Corporation and its subsidiaries' names, abbreviations thereof, logos and product and service designators are all either the registered or unregistered trademarks or trade names of Carrier Global Corporation and its subsidiaries. Names, abbreviations of names, logos and products and service designators of other companies are either the registered or unregistered trademarks or trade names of their respective owners. As used herein, the terms "we," "us," "our," "the Company" or "Carrier," unless the context otherwise requires, mean Carrier Global Corporation and its subsidiaries. References to internet websites in this Annual Report on Form 10-K are provided for convenience only. Information available through these websites is not incorporated by reference into this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

General

Carrier Global Corporation is a leading global provider of healthy, safe and sustainable building and cold chain solutions. Our portfolio includes industry-leading brands such as Carrier, Kidde, Edwards, LenelS2 and Automated Logic that offer innovative heating, ventilating and air conditioning ("HVAC"), refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable.

Our worldwide operations are affected by global and regional industrial, economic and political factors and trends. These factors and trends include the mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of a growing global population and the rising standards of living in emerging markets. We believe that the Company's HVAC, Refrigeration and Fire & Security business segments are positioned to benefit from favorable secular trends, including these mega-trends, and from the strength of our industry-leading brands and track record of innovation.

On November 26, 2018, United Technologies Corporation, since renamed Raytheon Technologies Corporation ("UTC"), announced its intention to spin-off Carrier into a separate, publicly traded company (the "Separation"). Carrier was incorporated in Delaware on March 1, 2019, as a wholly owned subsidiary of UTC. On April 3, 2020 (the "Distribution Date"), UTC completed the Separation through a pro rata distribution (the "Distribution") on a one-for-one basis of all of the outstanding common stock of the Company to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the Distribution. UTC distributed 866,158,910 shares of Carrier common stock in the Distribution, which was effective at 12:01 a.m., Eastern Time, on April 3, 2020 (the "Effective Time"). As a result of the Distribution, UTC shareowners of record received one share of the Company’s common stock for every one share of UTC common stock, and Carrier became an independent public company. Our common stock is listed under the symbol "CARR" on the New York Stock Exchange ("NYSE"). In connection with the Separation, Carrier issued an aggregate principal balance of $11.0 billion of debt and transferred an aggregate of approximately $10.9 billion of cash to UTC on February 27, 2020 and March 27, 2020. On April 1, 2020 and April 2, 2020, Carrier received cash contributions totaling $590 million from UTC related to the Separation. See Note 12 – *Borrowings and Lines of Credit* and Note 4 – *Earnings Per Share* in the accompanying Notes to the Consolidated Financial Statements for further information.

Our operations for the periods presented herein are classified into three segments: HVAC, Refrigeration and Fire & Security, with each segment comprised of groups of similar operating companies. References to each segment include the various operating companies established worldwide through which the operations for each segment are conducted.

For the year ended December 31, 2020, our net sales were $17.5 billion, and our operating profit was $3.1 billion. Our net sales for 2020 were derived from the Americas (55%), Europe, Middle East and Africa ("EMEA") (30%) and Asia-Pacific (15%). Our international operations, including U.S. export sales, represented approximately 51% of our net sales for 2020. During the same period, new equipment comprised 72% and service and aftermarket comprised 28% of our net sales excluding inter-segment eliminations.

This Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports are available free of charge through the Investors section of our Internet website (http://www.corporate.carrier.com) under the heading "SEC Filings" as soon as reasonably practicable after these reports are electronically filed with, or furnished to, the United States Securities and Exchange Commission ("SEC"). In addition, the SEC maintains an Internet website (http://www.sec.gov) containing reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Business Strategy

Carrier's business strategy is to be the world leader in healthy, safe and sustainable building and cold chain solutions. We are focused on three pillars of growth: strengthen and grow our core, increase product extensions and geographic coverage, and grow services and digital to create recurring sales opportunities. The elements of our Company's strategy encompass the following elements:

Strengthen and grow our core. We are a leader in our three segments. And we are investing in our sales force and research and development to grow that presence.

Our strategy involves driving our organic growth in part by maintaining our proven track record of innovation, which is focused on designing smarter, more connected and more sustainable systems and solutions across our business. Our strategy also relies on our iconic, industry-leading brands and on strengthening our long-term relationships with channel partners and customers by offering solutions that anticipate customer needs related to healthy, safe and sustainable building and cold chain solutions, with a focus on technologies related to refrigerants, efficiency, emissions, air quality, electrification, noise levels and safety.

Increase product extensions and geographic coverage. Our strategy involves employing our global operations, the strength of our iconic, industry-leading brands and our success in creating valuable partnerships to focus on targeted expansion into new locations and channels where we believe that we can drive profitable growth.

We are also focused on emerging trends in our segments; namely, health and safety in homes and commercial buildings, and cold chain solutions. We believe that we are well-positioned to meet the demand expected to result from these trends through products such as our Infinity whole home air purifier and the OptiClean Dual-Mode Air Scrubber & Negative Air Machine for commercial building and home applications, and through products such as Carrier Pods monitored by Sensitech that can help ensure the safe storage and transport of food and medicines.

Grow services and digital. Our strategy is also focused on bringing differentiated parts and service solutions to our customers across the entire product lifecycle. Our new BluEdge platform builds on our history of innovation and our expertise as an original equipment manufacturer. The platform offers a tiered suite of services across our HVAC, Refrigeration and Fire & Security segments. Through our understanding of customer needs and investments in connected equipment and digital service solutions, BluEdge will help us achieve enhanced equipment efficiency and performance – key components of our healthy, safe and sustainable buildings and cold chain programs.

Digital is also central to our growth strategy. We are implementing innovative digital capabilities across our business segments to help differentiate our products and services. Amazon Web Services ("AWS") is our new preferred cloud provider. Our product teams are deriving insights from data by employing AWS's services for connectivity, artificial intelligence and machine learning. Carrier and AWS are developing new offerings like Lynx, our proprietary intelligent ecosystem that will help optimize the safe and sustainable transport of perishable goods and medicine across the cold chain. Carrier IO, another new proprietary platform, will provide turnkey services to connect equipment and help accelerate product development across our portfolio. In 2020, we implemented new and enhanced e-commerce capabilities and online shop-and-buy offerings to help drive online sales and create an easier, more convenient and engaging customer experience.

Description of Business by Segment

Each segment's business, including its principal products and services and other material developments and information, is described subsequently. Segment financial data for the years 2018 through 2020, including financial information about U.S. and international sales and operating profits, is included in Note 26 – *Segment Financial Data* in the accompanying Notes to the Consolidated Financial Statements. Segment sales discussed below include inter-company sales, which are ultimately eliminated within the "Eliminations and other" category and that are reflected in the segment financial data in Note 26 – *Segment Financial Data* in the accompanying Notes to the Consolidated Financial Statements.

HVAC

Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling and ventilation needs of residential and commercial customers, while enhancing building performance, health, energy efficiency and sustainability. Our established brands include Automated Logic, Bryant, Payne, Carlyle, Carrier, CIAT, Day & Night, Heil, NORESCO, Riello and Tempstar. Products include heating and cooling systems for both residential and commercial applications, air handling systems, controls, building automation systems, aftermarket services and repair and energy solutions. Some of these products are part of Carrier's Healthy Buildings Program, which offers a suite of targeted solutions that are focused on improving indoor air quality in buildings and homes. HVAC products and solutions are sold directly, including to key accounts, building contractors and owners, and indirectly through joint ventures, independent sales representatives, distributors, wholesalers, dealers and retail outlets, as well as through direct sales offices which sell, in part, to mechanical contractors.

Our HVAC segment had net sales of $9.5 billion for the year ended December 31, 2020, and, as of December 31, 2020, remaining performance obligations ("RPO") of approximately $3.0 billion.

Refrigeration

Our Refrigeration segment includes transport refrigeration and monitoring products, services and digital solutions for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products. Transport refrigeration products and cold chain monitoring solutions, which form Carrier's Healthy, Safe, Sustainable Cold Chain Program offering, are used to enable the safe, reliable transport of food and beverages, medical supplies, including vaccines, and other perishable cargo. Commercial refrigeration solutions include refrigerated cabinets, freezers, systems and controls. Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of food and beverages sold by retailers. Our Refrigeration products and services are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Refrigeration products and services are sold directly, including to transportation companies and retail stores, and indirectly through joint ventures, independent sales representatives, distributors, wholesalers and dealers.

Our Refrigeration segment had net sales of $3.3 billion for the year ended December 31, 2020 and, as of December 31, 2020, RPO of approximately $1.1 billion.

Fire & Security

Our Fire & Security segment provides a wide range of residential, commercial and industrial technologies and systems, and service solutions to protect people and property, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems; and electronic controls. Other fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance and repair and monitoring services. Our established brands include Kidde, Edwards, GST, LenelS2, Marioff, Autronica, Aritech, Chubb, Det-Tronics, Onity, Supra and Fireye. Our Fire & Security products and solutions, also part of Carrier's Healthy Homes and Healthy Buildings Program, are sold directly to end customers as well as through manufacturers' representatives, distributors, dealers, value-added resellers and retail distribution. In addition, certain of our products are supported by installation, maintenance and monitoring through a network of channel partners and our own field service business, along with web-based and mobile applications, and cloud-based services.

Our Fire & Security segment had net sales of approximately $5.0 billion for the year ended December 31, 2020 and, as of December 31, 2020, RPO of approximately $1.3 billion.

Other Matters Relating to Our Business as a Whole

Competition and Other Factors Affecting the Carrier Business

As a global business, our operations can be affected by a variety of economic, industry and other factors, including those described in this section and in the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Cautionary Note Concerning Factors That May Affect Future Results" and "Risk Factors" in this Annual Report on Form 10-K.

Each business unit is subject to significant competition from a number of companies in the U.S. and other countries, and each competes on the basis of technology differentiation, product performance, service, delivery schedule, and price. The geographies in which we sell our products, solutions and services in the HVAC, Refrigeration and Fire & Security segments also have a number of local competitors.

HVAC

Competition in HVAC includes several multinational, regional and local companies, the largest of which include Daikin Industries, Gree Electric, Trane Technologies, Johnson Controls, Lennox International, Midea Group and Mitsubishi Electric. Sales depend on price, product availability, delivery schedule, product performance, product line breadth, brand reputation, design, technical expertise and service.

Refrigeration

Competition in Refrigeration includes multinational companies, including Trane Technologies, Daikin Industries and Panasonic, as well as regional and local companies. Sales depend on product performance, efficiency, reliability, price, service and support. The transport refrigeration business is affected by global shipping cycles and by truck production cycles in North America and Europe, which are affected by a variety of factors, including general economic conditions and replacement cycles.

Fire & Security

Competition in Fire & Security includes several multinational companies, including Honeywell, Johnson Controls, Siemens, Bosch, Assa Abloy, MSA Safety, Stanley Black & Decker and Newell Brands.

Compliance with the Regulation of our Business and Operations

We operate our business and sell our products all over the world. As a result, changes in legislation, regulations and government policies, including with respect to regulations intended to combat climate change, affect our operations and business in the countries, regions and localities in which we operate and sell our products. Such changes, which can also render our products and technologies non-compliant, involve refrigerants, noise levels, product and fire safety, hydro fluorocarbon emissions, fluorinated gases, hazardous substances, and electric and electronic equipment waste. Additionally, the increased fragmentation of regulatory requirements at various levels of government increases our costs because it necessitates the development of country or regional specific variants, monitoring of and compliance with those regulations, and additional testing and certifications. We do not anticipate that these changes will have a material adverse effect upon our competitive position, results of operations, cash flows, or financial condition.

Our operations are also subject to and affected by environmental regulations promulgated by federal, state and local authorities in the U.S. and by authorities with jurisdiction over our foreign operations. Most U.S. laws governing environmental matters include criminal penalties. We have incurred and will likely continue to incur liabilities under various statutes for the cleanup of pollutants previously released into the environment. We do not anticipate that compliance with environmental protection laws or that any payments associated with our remediation liabilities will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. Environmental matters are further addressed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in this Annual Report on Form 10-K, Note 3 – *Summary of Significant Accounting Policies* and Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements.

For further discussion of liabilities and risks related to litigation, compliance and environmental matters and other government regulations, see sections entitled "Risk Factors" and "Legal Proceedings" in this Annual Report on Form 10-K and Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements.

Intellectual Property

We maintain a broad portfolio of patents, trademarks, copyrights, trade secrets, licenses and franchises related to our business to protect our research and development investments and to maintain our competitive advantages. We hold approximately 8,000 active patents and pending patent applications worldwide. From time to time, we take actions to protect our business by asserting our intellectual property rights against third-party infringers. We believe that we have taken reasonable measures to build and protect this portfolio of intellectual property rights, but we cannot be assured that these rights will not be challenged, found invalid or unenforceable. See the "Risk Factors" section in this Annual Report on Form 10-K for further discussion of intellectual property matters.

Operating System

We plan to continue to foster operational, financial and commercial excellence to drive sales and earnings growth. With roots in our legacy manufacturing and business processes, the Carrier operating system — Carrier Excellence — is our continuous improvement framework that is expected to drive operational excellence across the company. Our Supplier Excellence program is intended to apply these same operating principles to our supply base. We also implemented a strategic cost reduction initiative in 2020 that initially targeted eliminating $600 million in costs over three years through operational efficiency, digitalization, automation and supply chain productivity. That target has since been increased to $700 million in cost reductions over the same time period.

Raw Materials and Supplies

While we believe that we currently have adequate sources for materials, components and services, we work continuously with our supply base to ensure that we have adequate resources and to reduce costs. Accordingly, we consolidate purchases and suppliers, engage in global sourcing, implement design changes and implement competitive bidding. In certain instances, we depend upon a single source of supply or use commodities, such as rare-earth metals, that can be subject to allocations. Nonetheless, we believe that our supply management practices appropriately balance the foreseeable risks and the costs of alternative practices. Although at times high prices for some raw materials important to our business (for example, steel, copper and aluminum) have caused margin and cost pressures, we do not foresee near term unavailability that would have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. However, because we have a number of factories and suppliers outside the U.S., the imposition of tariffs or sanctions, or unusually restrictive border-crossing rules, could adversely affect our supply chain. For further discussion of the possible effects of the cost and availability of raw materials on our business, see the "Risk Factors" section of this Annual Report on Form 10-K.

COVID-19 Pandemic

A novel strain of Coronavirus ("COVID-19") surfaced in late 2019 and has spread throughout the world. In response, in the Spring of 2020, we temporarily closed or reduced production at manufacturing facilities in North America, Asia and Europe for safety reasons and in response to lower demand for our products. Our manufacturing operations have since resumed, measures have been enacted to scale capacity to demand, and we continue to actively take steps to mitigate supply chain risk. We continue to apply appropriate safety measures for our employees and other associates and have not experienced any significant disruptions to our manufacturing operations. We also initiated return-to-work protocols at our non-manufacturing facilities, the employees of which were previously working remotely.

Human Capital Management

As of December 31, 2020, Carrier had approximately 56,000 employees worldwide, of which 35% are located in the Americas, 37% located in EMEA and 28% in Asia.

As of December 31, 2020, approximately 69% of Carrier's approximately 4,600 production and maintenance employees in the U.S. were covered under seven collective bargaining agreements that have expiration dates ranging from 2021 to 2023. In the European Union, approximately 19,000 employees are represented by two European Works Councils, and, at national and

local levels, we inform and consult with 58 local works councils and with unions representing employees at about 40 sites. The Company believes that our relations with our labor unions and works councils are generally good.

We believe that our employees are our most important asset and that, in turn, our success and growth depend in large part on our ability to attract, retain and develop a diverse population of talented and high-performing employees at all levels of our organization. We continuously evaluate, modify and enhance our recruitment and retention strategies, objectives and measures as part of the overall management of our business. These strategies, objectives and measures form the pillars of our human capital management framework and are advanced through the following programs, policies and initiatives:

Health & Safety

Our Environmental, Health, and Safety program is focused on eliminating the risk of serious injuries, illness and fatalities to employees, contractors and customers during manufacturing, installation, servicing and other business activities by applying rigorous standards, controls, inspections and audits to help ensure that our operations and premises comply with national and local regulations and Carrier incident reporting requirements.

In response to COVID-19, we implemented various measures to protect the health and safety of our employees and customers including work-from-home requirements (where practical), social distancing and deep cleaning protocols at all of our facilities as well as travel restrictions, among other measures, which measures comply with applicable governmental regulations and guidance.

Competitive Pay, Benefits and Total Rewards and Practices

Carrier's total rewards philosophy is designed to align the compensation of our employees with individual and Company performance, and to provide the appropriate market-competitive incentives to attract, retain and motivate employees to achieve superior results. In addition, we offer a company-paid assistance program to help employees and their families with mental health and other life challenges. In coordination with each country’s social welfare system, and in addition to any required local health care participation, we may provide additional health and welfare benefits depending on, among other things, the market competitiveness in that country. We also offer a tuition assistance program that is discussed in more detail below (see *Talent Development and Employee Engagement).*

Diversity & Inclusion

As of December 31, 2020, approximately 27% of our employees and 31% of our executives globally were women. As of December 31, 2020, people of color represented approximately 25% of our U.S. executive and 23% of our professional employees in the U.S.

Our greatest strength is the diversity of our people and their ideas and experiences; diversity and inclusion are the cornerstones of our values and we believe that it is a source of innovation. To this end, we recently launched *_belong*, our diversity and inclusion philosophy and brand as well as a diversity and inclusion strategy that consists of four tenets – Reduce the Gap, Develop & Sponsor, Drive Inclusion and Lean Forward – which include a focus on recruiting, development and mentoring activities. We also sponsor multiple Employee Resource Groups ("ERGs"), such as Pride, Carrier Black Alliance, WE (Women Empowerment at Carrier), CHEER (Carrier Hispanic & Latinos Employee Engagement Resource group), and Veterans & Military. These ERGs operate with a formal leadership structure, a steering committee, senior leadership sponsorship and a defined mission statement that is aligned with supporting Carrier’s business strategy. We also have established multi-year relationships with two historically Black colleges and universities that include career and recruiting initiatives.

Talent Development and Employee Engagement

The Company is committed to the continued development and engagement of our people. We promote continuous learning by offering a company-sponsored Employee Scholar Program, which covers the cost of an employee's tuition, academic fees and books at approved universities. We conduct annual leadership development reviews, a process through which senior leaders identify future leaders and discuss strengths and development opportunities, fostering succession planning for key leadership positions. We also have developed various talent development programs, such as internships, early career rotational programs and a suite of development programs for current and future leaders during the three critical stages of their careers – early career, mid-career and senior leadership.

Three-times per year we conduct an anonymous online survey in local languages to solicit feedback from our employees. The results are reviewed by the Company's senior leadership and shared with our managers and other employees – all of whom collaborate to identify areas for improvement.

Joint Ventures and Strategic Relationships

Our joint ventures and strategic relationships are an important part of our business. We hold interests in approximately 60 joint ventures, the financial results of which are consolidated in our consolidated financial statements or accounted for by the equity method of accounting or the cost basis of accounting. While all three of our segments participate in joint ventures and strategic relationships, most are in the HVAC segment. These relationships engage in distribution, manufacturing and product development activities and are integral to our business operations and growth strategy. See Note 6 – *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements for further information.

Seasonality

Demand for certain of our products and services is seasonal and can be impacted by weather conditions. For instance, sales and services of our HVAC products to residential customers have historically been higher in the second and third quarters of the calendar year, which represent the peak seasons for air conditioning-related sales in North America. For further discussion of the possible effects of seasonality on our business, see the "Risk Factors" section of this Annual Report on Form 10-K.

Corporate Information

Carrier was incorporated in Delaware in connection with the Separation. Prior to the Distribution, Carrier had no operations other than those incidental to the Separation. Our principal executive offices are located at 13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418, and our telephone number is (561) 365-2000. We maintain an Internet website at *www.corporate.carrier.com*.

CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This Annual Report on Form 10-K contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. 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 can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "confident," "scenario" and other words of similar meaning in connection with a discussion of future operating or financial performance or the Separation. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flows, 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, the estimated costs associated with the Separation, Carrier's plans with respect to our indebtedness and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation:

- the effect of economic conditions in the industries and markets in which Carrier and our businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction, the impact of weather conditions, pandemic health issues (including COVID-19 and its effects, among other things, on production and on global supply, demand, and distribution as the outbreak continues and results in a prolonged period of travel, commercial and other restrictions and limitations), natural disasters and the financial condition of our customers and suppliers;
- challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;
- future levels of indebtedness, capital spending and research and development spending;

- future availability of credit and factors that may affect such availability, including credit market conditions and Carrier's capital structure and credit ratings;
- the timing and scope of future repurchases of Carrier's common stock, including market conditions and the level of other investing activities and uses of cash;
- delays and disruption in the delivery of materials and services from suppliers;
- cost reduction efforts and restructuring costs and savings and other consequences thereof;
- new business and investment opportunities;
- risks resulting from being a smaller less diversified company than prior to the Separation;
- the outcome of legal proceedings, investigations and other contingencies;
- the impact of pension plan assumptions on future cash contributions and earnings;
- the impact of the negotiation of collective bargaining agreements and labor disputes;
- the effect of changes in political conditions in the U.S. (including in connection with the new administration in Washington, D.C.) and other countries in which Carrier and our businesses operate, including the effect of changes in U.S. trade policies or the United Kingdom’s withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond;
- the effect of changes (including potentially as a result of the new administration in Washington, D.C.) in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which we and our businesses operate;
- the ability of Carrier to retain and hire key personnel;
- the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- the expected benefits of the Separation;
- a determination by the U.S. Internal Revenue Service ("IRS") and other tax authorities that the Distribution or certain related transactions should be treated as taxable transactions;
- risks associated with indebtedness, including that incurred as a result of financing transactions undertaken in connection with the Separation, as well as our ability to reduce indebtedness and the timing thereof;
- the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the Separation will exceed Carrier’s estimates; and
- the impact of the Separation on Carrier’s business and Carrier’s resources, systems, procedures and controls, diversion of management’s attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

This Annual Report on Form 10-K includes important information as to risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. See the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K under the heading "Note 25 – *Commitments and Contingent Liabilities*," the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Business Overview," "Results of Operations," "Liquidity and Financial Condition," and "Critical Accounting Estimates," and the section entitled "Risk Factors." This Annual Report on Form 10-K also includes important information as to these factors in the "Business" section under the headings "General," "Other Matters Relating to Our Business as a Whole," and in the "Legal Proceedings" section. The forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. 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 SEC.

ITEM 1A. RISK FACTORS

RISK FACTOR SUMMARY

Risks Related to Our Business

- Our business, financial condition and results of operations have been and may continue to be adversely affected by COVID-19.
- Risks associated with our international operations could adversely affect our competitive position, results of operations, cash flows or financial condition.
- We are party to joint ventures and other strategic relationships, which may not be successful and may expose us to special risks and restrictions.
- Climate change and regulations associated with climate change could adversely affect our business.
- Demand for our HVAC products and services is influenced by weather conditions and seasonality.
- Our business and financial performance depend on continued and substantial investments in our information technology infrastructure, which may not yield anticipated benefits and which may be vulnerable to cyber-attacks.
- We depend on our intellectual property and have access to certain intellectual property and information of our customers and suppliers. Infringement of or the failure to protect that intellectual property could adversely affect our future growth and success.
- We use a variety of raw materials, supplier-provided parts and third-party service providers in our business. Significant shortages, supplier capacity constraints or production disruptions, price increases or tariffs could increase our operating costs and adversely impact the competitive positions of our products.
- We design, manufacture and service products that incorporate advanced technologies. The introduction of new products and technologies involves risks, and we may not realize the degree or timing of benefits initially anticipated.
- We operate in a competitive environment and our profitability and competitive position depend on our ability to accurately estimate the costs and timing of providing our products and services.
- Customers and others may take disruptive actions.
- Labor matters may impact our business.
- Our defined benefit pension plans are subject to financial market risks that could adversely affect our results.
- We may not realize expected benefits from our cost reduction and restructuring efforts, and our profitability or our business otherwise might be adversely affected.
- Failure to achieve and maintain a high level of product and service quality could damage our reputation with customers and negatively impact our results.
- We are subject to litigation, environmental and other legal and compliance risks.
- We are subject to risks arising from doing business with the U.S. government.
- We engage in acquisitions and divestitures and may encounter difficulties integrating acquired businesses with, or disposing of businesses from, our current operations; therefore, we may not realize the anticipated benefits of these acquisitions and divestitures.
- We may recognize impairment charges for our goodwill and certain other intangible assets.
- Failure to maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs and access to the capital markets.
- We incurred debt obligations, and we may incur additional debt obligations in the future, which could adversely affect our business and profitability and our ability to meet other obligations.

Risks Related to the Separation from UTC

- We have only operated as an independent company since April 3, 2020, the effective date of the Distribution, and our historical financial information is not necessarily indicative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results. Additionally, we are a smaller, less diversified company than UTC prior to the Separation and the Distribution.
- After the Separation and the Distribution, certain members of management, directors and shareowners own stock in UTC, Carrier and Otis Worldwide Corporation ("Otis"), and as a result may face actual or potential conflicts of interest.
- We could experience temporary interruptions in business operations and incur additional costs as we further develop information technology infrastructure and transition our data to our stand-alone systems.
- We may not be able to engage in desirable capital-raising or strategic transactions following the Separation and the Distribution.
- In connection with the Separation into three independent public companies, each of UTC, Carrier and Otis have agreed to indemnify the other parties for certain liabilities. If we are required to pay UTC and/or Otis under these indemnities,

our financial results could be negatively impacted. Also, the UTC or Otis indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which UTC and Otis have been allocated responsibility, and UTC and/or Otis may not be able to satisfy their respective indemnification obligations in the future.
- If the Distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, including as a result of subsequent acquisitions of our stock or the stock of UTC, we, as well as UTC, Otis and UTC's shareowners, could be subject to significant tax liabilities. In addition, if certain internal restructuring transactions were to fail to qualify as transactions that are generally tax-free for U.S. federal or non-U.S. income tax purposes, we, as well as UTC and Otis could be subject to significant tax liabilities. In certain circumstances, we could be required to indemnify UTC for material taxes and other related amounts pursuant to indemnification obligations under the Tax Matters Agreement ("TMA").
- Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

Risks Related to Our Common Stock

- The market price and trading volume of our common stock may fluctuate significantly.
- Shareowner's percentage of ownership in Carrier's common stock may be diluted in the future.
- Quarterly cash dividends may be discontinued or modified, are subject to a number of uncertainties and may affect the price of our common stock.
- Our amended and restated bylaws designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareowners, which could discourage lawsuits against Carrier and our directors and officers.
- Anti-takeover provisions could enable our Board of Directors to resist a takeover attempt by a third party and limit the power of our shareowners.

General Risks

- Natural disasters, epidemics or other unexpected events may disrupt our operations, adversely affect our results of operations and financial condition, and may not be fully covered by insurance.
- We may be affected by global economic, capital market and political conditions, and conditions in the construction, transportation and infrastructure industries in particular.
- Our business success depends on attracting and retaining qualified personnel.
- Additional tax expense or additional tax exposures could affect our future profitability.
- Failure to maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect us.

RISK FACTORS

Our business, financial condition, operating results and cash flows can be impacted by the factors set forth subsequently, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results.

Risks Related to Our Business

Our business, financial condition and results of operations have been and may continue to be adversely affected by COVID-19.

The global outbreak of COVID-19 has severely constrained economic activity and, as a result, has caused a significant contraction in the global economy. In response to this outbreak, governments have taken preventive or protective actions, including imposing restrictions on business operations and travel. Governments have also implemented economic stabilization efforts and other measures to mitigate the economic effects of the outbreak; however, the effectiveness and continuation of those measures remains uncertain.

The COVID-19 pandemic has had an adverse effect on our business, financial condition and results of operations. The pandemic continues to result in widespread and extended or partial shutdowns and other restrictions on the operations of non-essential businesses, including construction, hospitality venues, offices and travel. The nature and extent of the continuing impact of COVID-19 on our business, financial condition and results of operations is uncertain and will depend on future developments, including the recent and pending approvals of vaccines, the wide-spread distribution of vaccines and the effectiveness of such vaccines in preventing COVID-19, and the time it takes to vaccinate a sufficient percentage of the U.S. and global populations. Nonetheless, further prolonged closures and restrictions throughout the world or the rollback of

reopening measures due to a resurgence of COVID-19 cases and continued decreases in the general level of economic activity may again disrupt our operations and the operations of our suppliers, distributors and customers.

As a result of the foregoing, the pandemic and its impact have also affected and could continue to affect the ability of our customers to pay for our products and services and to obtain financing for significant purchases and operations, which has resulted in, and could further result in, a decrease and/or cancellation of orders and/or payment delays or defaults. Such conditions may also adversely affect our supply base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy, which could impact our ability to fulfill orders on time or at the anticipated cost. We also may be required to raise additional capital in the future and our access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our results of operations and our credit ratings. There is no guarantee that financing will be available in the future to fund our obligations, or that it will be available on terms consistent with our expectations. Any of these factors could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Risks associated with our international operations could adversely affect our competitive position, results of operations, cash flows or financial condition.

We have a global business. Approximately 51% of our net sales for the year ended December 31, 2020 is derived from international operations, including U.S. export sales. As a result, changes in local and regional economic conditions, including fluctuating exchange rates, may adversely affect demand for our products and the profits generated by our non-U.S. operations because a significant portion of our sales and expenses are denominated in currencies other than U.S. dollars. While we attempt to manage our exchange rate risk, we are not completely insulated from that exposure. Exchange rates can be volatile and a substantial weakening of foreign currencies against the U.S. dollar could reduce our operating margins in various locations outside of the U.S., which would adversely impact the comparability of our results from period to period.

Our international sales and operations are also subject to the risks associated with changes in local government regulations and policies regarding investments, employment, taxation, foreign exchange and capital controls and the repatriation of earnings. Moreover, government regulations and policies regarding international trade, such as import quotas, punitive taxes or tariffs or similar trade barriers, whether imposed by individual governments or regional trade blocs, can affect demand for our products and services, impact the competitive position of our products or services or encumber our ability to manufacture or sell or procure products in certain countries. The implementation of more restrictive trade policies by the U.S. or by other countries, such as China and Mexico, where we sell or produce our products and services or procure materials, including as a result of the ongoing trade conflict between the U.S. and China, could negatively impact our business, results of operations and financial condition. Our international sales and operations are also sensitive to political and economic instability, changes in foreign national priorities and government budgets, and the risks associated with differing legal systems and customs in foreign countries.

We expect that sales to emerging markets will continue to account for a significant portion of our sales as developing nations around the world increase their demand for our products. In addition, as part of our globalization strategy, we have invested in certain countries, including Mexico, Brazil, China, India and countries in the Middle East. Emerging markets can present many risks, including cultural differences (such as employment and business practices), compliance risks, economic and government instability, exchange rate fluctuations and the imposition of foreign exchange and capital controls. While these factors and their impact are difficult to predict, any one or more of them could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We are party to joint ventures and other strategic relationships, which may not be successful and may expose us to special risks and restrictions.

Our business operations, particularly in our HVAC segment, depend on various strategic relationships: namely, joint ventures and non-wholly owned subsidiaries. We sell our products and services through certain key distributor, joint venture and similar relationships, including the Carrier Enterprise joint ventures with Watsco, Inc.; AHI-Carrier FZC ("AHI-Carrier"), a United Arab Emirates-based joint venture with Airconditioning & Heating International FZC, a subsidiary of United Motors & Heavy Equipment Co. LLC; various joint ventures with members of the Midea Group; and Toshiba Carrier, a joint venture with Toshiba with which we have several other joint ventures.

Some of our strategic relationships engage in manufacturing and/or product development. Loss of a key channel partner, or a significant downturn or deterioration in the business or financial condition of a key channel partner, joint venture or similar

relationship, whether related to, among other things, a labor strike, diminished liquidity or credit unavailability, weak demand for products or delays in the launch of new products, could adversely affect our results of operations in a particular period or the value of our equity investment. If we are not successful in maintaining our strategic distribution relationships, our financial condition, results of operations and cash flows may be adversely affected.

In addition, our ability to apply our internal controls and compliance policies to our joint ventures is limited and can expose us to additional financial and reputational risks. We seek to take proactive steps to mitigate these concerns, including through audits and similar reviews. During one such recent audit, for example, Carrier identified certain payments made to AHI-Carrier over a ten-year period for products sold in the ordinary course by that minority-owned joint venture from entities of undetermined affiliation with AHI-Carrier's distributors and customers, predominantly based in countries in the Commonwealth of Independent States. Carrier does not manage the joint venture and does not direct its treasury or related functions; however, Carrier exercised our audit rights under the joint venture agreement and investigated these third-party payments. As previously disclosed, the Company reported the preliminary findings of our investigation to the SEC and the U.S. Department of Justice in February 2020. In December 2020, the SEC informed the Company that it had concluded its investigation of the matter and did not intend to recommend an enforcement action.

Joint ventures and strategic relationships inherently involve certain other risks. Whether or not we hold a majority interest or maintain operational control in such arrangements, our partners and similar business associates may, for example: (1) have economic or business interests or objectives that are inconsistent with or contrary to our own; (2) exercise veto or other rights, to the extent available, to block actions that we believe are in our or the joint venture's best interests; (3) act contrary to our policies or objectives; or (4) be unable or unwilling to fulfill their obligations.

In addition, there can be no assurance that any particular joint venture or strategic relationship will continue to be beneficial to us in the long term. For example, some of our joint venture or other strategic agreements prohibit us from competing in certain geographic markets or product and services channels, and these restrictions may apply to other products and services we develop or businesses we acquire in the future.

Climate change and regulations associated with climate change could adversely affect our business.

The effects of climate change, including extreme weather conditions, create financial risks to our business. The effects of climate change could disrupt our operations by impacting the availability and cost of materials and by increasing insurance and other operating costs. The effects of climate change also may impact our decisions to construct new facilities or maintain existing facilities in the areas most prone to physical risks, which could similarly increase our operating and material costs. We could also face indirect financial risks passed through the supply chain that could result in higher prices for our products and the resources needed to produce them.

There is a general consensus that greenhouse gas emissions are linked to climate change, and that these emissions must be reduced dramatically to avert its worst effects. As a result, increased public awareness and concern about climate change will likely continue to (1) generate more international, regional and/or national requirements to curtail the use of high global warming potential refrigerants (which are essential to many of our products); (2) increase building energy efficiency; and (3) cause a shift away from the use of fossil fuels as an energy source. In some instances, these requirements may render our existing technology, particularly some of our HVAC and refrigeration products, non-compliant or obsolete. While we are committed to pursuing sustainable solutions for our products, there can be no assurance that our development efforts will be successful, as noted below (see *We design, manufacture and service products that incorporate advanced technologies. The introduction of new products and technologies involves risks, and we may not realize the degree or timing of benefits initially anticipated.*), that our products will be accepted by the market, that proposed regulations or deregulation will not have an adverse effect on our competitive position, or that economic returns will reflect our investments in new product development.

The inconsistent international, regional and/or national requirements associated with climate change regulations also create economic and regulatory uncertainty. There is also regulatory and budgetary uncertainty associated with government incentives, which, if discontinued, could adversely impact the demand for energy-efficient buildings and could increase costs of compliance.

Demand for our HVAC products and services is influenced by weather conditions and seasonality.

Demand for our HVAC products and services, representing our largest segment by sales, is seasonal and affected by the weather. Cooler than normal summers depress sales of our replacement air conditioning products and services and warmer than

normal winters have the same effect on our heating products. Historically, sales to residential HVAC customers tend to be higher in the second and third quarters of the year because, in the U.S. and other northern hemisphere regions, spring and summer are the peak seasons for sales of air conditioning systems and services. In these circumstances, the results of any quarterly period may not be indicative of expected results for a full year, and unusual weather patterns or events could positively or negatively affect our business and impact overall results of operations.

Our business and financial performance depend on continued and substantial investments in our information technology infrastructure, which may not yield anticipated benefits and which may be vulnerable to cyber-attacks.

The efficient operation of our business requires continued and substantial investments in information technology ("IT") infrastructure systems. The failure to design, develop and implement new IT technology infrastructure systems in an effective and timely manner or to maintain these systems could divert management's attention and resources. Our information systems may also become obsolete because of inadequate investments, requiring an unplanned transition to a new platform that could be time consuming, costly, and damaging to our competitive position and could require additional management attention. Repeated or prolonged interruptions of service because of poor execution, inadequate investments or obsolescence could have a significant adverse impact on our reputation and our ability to sell products and services.

In addition, our business may be impacted by disruptions to our or third-party IT infrastructure, which could result from (among other causes) cyber-attacks, infrastructure failures or compromises to our physical security. Cyber-based risks are evolving and include attacks: (i) on our IT infrastructure (ii) targeting the security, integrity and/or availability of hardware and software; (iii) on information installed, stored or transmitted in our products (including after the purchase of those products and when they are installed into third-party products); and (iv) on facilities or similar infrastructure. Such attacks could disrupt our systems (or those of third parties) and business operations, impact the ability of our products to work as intended or result in the unauthorized access, use, disclosure, modification, or destruction of information in violation of applicable law and/or contractual obligations. We have experienced cyber-based attacks and, due to the evolving threat landscape, may continue to experience them going forward, potentially with more frequency or severity. We continue to make investments and adopt measures to enhance our protection, detection, response and recovery capabilities, and to mitigate potential risks to our technology, products, services, operations and confidential data. However, depending on the nature, sophistication and scope of cyber-attacks, it is possible that potential vulnerabilities could go undetected for an extended period. As a result, we could potentially experience: (i) production downtimes; (ii) operational delays or other detrimental impacts on our operations; (iii) destruction or corruption of data; (iv) security breaches; (v) manipulation or improper use of our or third-party systems, networks or products; and (vi) financial losses from remedial actions, loss of business, liability, penalties, fines and/or damage to our reputation—any of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. Due to the evolving nature of such risks, the impact of any potential incident cannot be predicted.

In addition, because of the global nature of our business, our internal systems and products must comply with applicable laws, regulations and standards in a number of jurisdictions, and government enforcement actions and violations of data privacy and cybersecurity laws could be costly or interrupt our business operations. Any disruption to our business arising from such issues, or an increase in our costs to cover these issues that is greater than what we have anticipated, could have an adverse effect on our competitive position, reputation, results of operations, cash flows or financial condition.

We depend on our intellectual property and have access to certain intellectual property and information of our customers and suppliers. Infringement of or the failure to protect that intellectual property could adversely affect our future growth and success.

The Company's intellectual property rights are important to our business and include numerous patents, trademarks, copyrights, trade secrets, proprietary technology, technical data, business processes and other confidential information. Although we consider our intellectual property rights in the aggregate to be valuable, we do not believe that our business is materially dependent on a single intellectual property right or any group of them. We nonetheless rely on a combination of patents, trademarks, copyrights, trade secrets, nondisclosure agreements, customer and supplier agreements, license agreements, information technology security systems, internal controls and compliance systems and other measures to protect our intellectual property. We also rely on nondisclosure agreements, information technology security systems and other measures to protect certain customer and supplier information and intellectual property that we have in our possession or to which we have access. Our efforts to protect such intellectual property and proprietary information may not be sufficient, however.

We cannot be sure that our pending patent applications will result in the issuance of patents, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors, or that these patents will be

found to be valid or sufficiently broad to preclude our competitors from introducing technologies similar to those covered by our patents and patent applications.

In addition, we may be the target of competitor or other third-party patent enforcement actions seeking substantial monetary damages or seeking to prevent the sale and marketing of certain of our products. Our competitive position also may be adversely impacted by limitations on our ability to obtain possession, ownership or necessary licenses concerning data important to the development or sale of our products or service offerings, or by limitations on our ability to restrict the use by others of data related to our products or services. Any of these events or factors could subject us to judgments, penalties and significant litigation costs or temporarily or permanently disrupt our sales and marketing of the affected products or services and could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We use a variety of raw materials, supplier-provided parts, and third-party service providers in our business. Significant shortages, supplier capacity constraints or production disruptions, price increases, or tariffs could increase our operating costs and adversely impact the competitive positions of our products.

Our reliance on suppliers and commodity markets to secure components and raw materials (such as copper, aluminum and steel), and on service providers to deliver our products, exposes us to volatility in the prices and availability of these materials and services. That potential volatility is particularly acute in certain instances where we depend upon a single source. Issues with suppliers (such as delivery or production disruptions, capacity constraints, quality issues, consolidations, closings or bankruptcies), price increases, raw material shortages, or the decreased availability of trucks and other delivery services could have a material adverse effect on our ability to meet our commitments to customers or increase our operating costs.

We use various strategies to lock in prices of expected purchases of certain raw materials; however, these efforts could cause us to pay higher prices for a commodity when compared with the market price at the time the commodity is actually purchased or delivered. Tariffs can also increase our costs, the impact of which is difficult to predict. However, we believe that our supply management and production practices appropriately balance the foreseeable risks and the costs of alternative practices. Nonetheless, these risks may have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We design, manufacture and service products that incorporate advanced technologies. The introduction of new products and technologies involves risks, and we may not realize the degree or timing of benefits initially anticipated.

Our future success depends on designing, developing, producing, selling and supporting innovative products that incorporate advanced technologies. The regulations applicable to our products, as well as our customers' product and service needs, change from time to time. Moreover, regulatory changes may render our products and technologies non-compliant. Our ability to realize the anticipated benefits of our technological advancements or product improvements – including those associated with regulatory changes – depends on a variety of factors, including: meeting development, production, and regulatory approval schedules; meeting performance plans and expectations; the availability of raw materials and parts; our suppliers' performance; the hiring, training and deployment of qualified personnel; achieving efficiencies; identifying emerging regulatory and technological trends; validating innovative technologies; the level of customer interest in new technologies and products; and the costs and customer acceptance of our new or improved products.

Our products and services also may incorporate technologies developed or manufactured by third parties, which, when combined with our technology or products, creates additional risks and uncertainties. As a result, the performance and market acceptance of these third-party products and services could affect the level of customer interest and acceptance of our own products in the marketplace.

Our research and development efforts may not culminate in new technologies or timely products, or may not meet the needs of our customers as effectively as competitive offerings. Our competitors may develop competing technologies that gain market acceptance before or instead of our products. In addition, we may not be successful in anticipating or reacting to changes in the regulatory environments in which our products are sold, and the markets for our products may not develop or grow as we anticipate.

We operate in a competitive environment and our profitability and competitive position depend on our ability to accurately estimate the costs and timing of providing our products and services.

In certain of our businesses, our contracts are typically awarded on a competitive basis. Our bids are based upon, among other factors, the cost to timely provide the products and services. To generate an acceptable return, we must accurately estimate our costs and schedule. If we fail to do so, the profitability of contracts may be materially and adversely affected – including because some of our contracts provide for liquidated damages if we do not perform on time – which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Customers and others may take disruptive actions.

From time to time customers and others may seek to become suppliers of products and services that compete with our own or pursue other strategies to disrupt our business model. For example, an affiliate of a customer in our transport refrigeration business produces refrigeration units for shipping containers that compete with our products, and another one of our transport refrigeration customers produces refrigeration units for truck trailers that compete with our refrigeration units. In addition, our customers or existing or future competitors may seek to introduce non-traditional business models or disruptive technologies and products in the industries in which we participate, resulting in increased competition and new dynamics in these industries.

Labor matters may impact our business.

A significant portion of our employees are represented by labor unions or works councils in a number of countries under various collective bargaining agreements with varying durations and expiration dates. See the section entitled "Other Matters Relating to Our Business as a Whole - Human Capital Management." We may not be able to satisfactorily renegotiate these agreements before they expire. In addition, existing agreements may not prevent a strike or work stoppage, union and works council campaigns and other labor disputes. We may also be subject to general country strikes or work stoppages unrelated to our specific business or collective bargaining agreements. Additionally, a shortage in certain work forces, such as technicians or truck drivers, may impact our business by affecting the ability to install, sell and deliver our products. Any such work stoppages (or potential work stoppages) could have a material adverse effect on our financial results, productivity, results of operations and reputation.

Our defined benefit pension plans are subject to financial market risks that could adversely affect our results.

The performance of the financial markets and interest rates can impact our defined benefit pension plan expenses and funding obligations. Significant decreases in the discount rate or investment losses on plan assets may increase our funding obligations and adversely impact our financial results. See Note 13 – *Employee Benefit Plans* to the accompanying Notes to the Consolidated Financial Statements for further discussion on pension plans and related obligations and contingencies.

We may not realize expected benefits from our cost reduction and restructuring efforts, and our profitability or our business otherwise might be adversely affected.

In order to operate more efficiently and cost effectively, we have and we may from time to time to adjust employment levels, optimize our footprint and/or implement other restructuring activities. These activities are complex and may involve or require significant changes to our operations. If we do not successfully manage these activities, expected efficiencies and benefits might be delayed or not realized. Risks associated with these actions and other workforce management issues include: unfavorable political responses and reputational harm; unforeseen delays in the implementation of the restructuring activities; additional costs; adverse effects on employee morale; the failure to meet operational targets due to the loss of employees or work stoppages; and difficulty managing our operations during or after facility consolidations, any of which may impair our ability to achieve anticipated cost reductions, harm our business or reputation, or have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Failure to achieve and maintain a high level of product and service quality could damage our reputation with customers and negatively impact our results.

Product and service quality issues could harm customer confidence in our company and our brands. If certain of our product and service offerings do not meet applicable safety standards – which has been the case – or our customers' expectations regarding safety or quality, we can and have experienced lost sales and increased costs and we can and have been exposed to legal, financial and reputational risks. Actual, potential or perceived product safety concerns could expose us to

litigation as well as government enforcement actions, which has also occurred in certain instances. In addition, when our products fail to perform as expected, we are exposed to warranty, product liability claims, personal injury and other claims.

We maintain strict quality controls and procedures. However, we cannot be certain that these controls and procedures will reveal defects in our products or their raw materials, which may not become apparent until after the products have been placed in use in the market. Accordingly, there is a risk that products will have defects, which could require a product recall or field corrective action. Product recalls and field corrective actions can be expensive to implement, and may damage our reputation, customer relationships and market share. We have conducted product recalls and field corrective actions in the past and may do so again in the future.

In many jurisdictions, product liability claims are not limited to any specified amount of recovery. If any such claims or contribution requests or requirements exceed our available insurance or if there is a product recall, there could be an adverse impact on our results of operations. In addition, a recall or claim could require us to review our entire product portfolio to assess whether similar issues are present in other products, which could result in a significant disruption to our business and which could have a further adverse impact on our business, financial condition, results of operations and cash flows. There can be no assurance that we will not experience any material warranty or product liability claim losses in the future, that we will not incur significant costs to defend such claims or that we will have adequate reserves to cover any recalls, repair and replacement costs.

We are subject to litigation, environmental, and other legal and compliance risks.

We are subject to a variety of litigation, legal and compliance risks. These risks relate to, among other things, personal injuries, intellectual property rights, contract-related claims, taxes, environmental matters, employee health and safety, competition laws and laws governing improper business practices. If found responsible in connection with such matters, we could be subject to significant fines, penalties, repayments and other damages (in certain cases, treble damages), and experience reputational harm.

As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses. Uncertainty relating to laws or regulations may also affect how we operate, structure our investments and enforce our rights.

Changes in environmental and climate change related-laws could require additional investments in product designs, which may be more expensive or difficult to manufacture, qualify and sell and/or may involve additional product safety risks and could increase environmental compliance expenditures.

At times we are involved in disputes with private parties over environmental issues, including litigation over the allocation of cleanup costs, alleged personal injuries and property damage. Existing and future asbestos-related claims could adversely affect our financial condition, results of operations and cash flows. Personal injury lawsuits may involve individual and purported class actions alleging that contaminants originating from our current or former products or operating facilities caused or contributed to medical conditions. Property damage lawsuits may involve claims relating to environmental damage or diminution of real estate values. Even in litigation where we believe our liability is remote, there is a risk that a negative finding or decision could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition, in particular with respect to environmental claims in regions where we have, or previously had, significant operations or where certain of our products have been manufactured and used.

In addition, the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials or other persons for the purpose of obtaining or retaining business. Certain of our or our channel partners' customer relationships are with governmental entities and are, therefore, subject to the FCPA and other anti-corruption laws. We are also subject to antitrust, anti-collusion and anti-money laundering laws in various jurisdictions throughout the world. Despite meaningful measures to ensure lawful conduct, which include training, audits and internal control policies and procedures, we may not always be able to prevent our employees, third-party agents or channel partners from violating the FCPA or anti-trust, anti-money laundering or other anti-corruption laws. As a result, we could be subject to criminal and civil penalties, as well as disgorgement. We could be required to make changes or enhancements to our compliance measures that could increase our costs, and we could be subject to other remedial actions.

Violations of the FCPA, antitrust, anti-money laundering or other anti-corruption or anti-collusion laws, or allegations of such violations, could disrupt our operations, cause reputational harm, involve significant management distraction and result in a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We also must comply with various laws and regulations relating to the export of products, services and technology from the U.S. and other countries having jurisdiction over our operations. In the U.S., these laws include, amongst others, the Export Administration Regulations administered by the U.S. Department of Commerce and embargoes and sanctions regulations administered by the U.S. Department of the Treasury. Restrictions on the export of our products, services or technologies could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

For a description of current material legal proceedings and regulatory matters, see the section entitled "Legal Proceedings" and Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements.

We are subject to risks arising from doing business with the U.S. government.

As a supplier and service provider to the U.S. government, including as a subcontractor under prime contracts with the U.S. government, we are subject to certain heightened risks, such as those associated with the Government's rights to audit and conduct investigations and with its rights to terminate contracts for convenience or default. We are now, and in light of the current U.S. government contracting environment we will continue to be the subject of U.S. government investigations relating to our U.S. government contracts or subcontracts. Such investigations often take years to complete and could result in administrative, civil or criminal liabilities, including repayments, fines, treble and other damages, forfeitures, restitution or penalties, or could lead to suspension or debarment of U.S. government contracting or of export privileges. For instance, if a business unit were charged with wrongdoing in connection with a U.S. government investigation (including fraud, or violation of certain environmental or export laws), the U.S. government could suspend us from bidding on or receiving awards of new U.S. government contracts or subcontracts. If convicted or found liable, the U.S. government could fine and debar us from receiving new awards for a period generally not to exceed three years and could void any contracts found to be tainted by fraud. We also could suffer reputational harm if allegations of impropriety were made against us, even if such allegations are later determined to be unsubstantiated.

We engage in acquisitions and divestitures, and may encounter difficulties integrating acquired businesses with, or disposing of businesses from, our current operations; therefore, we may not realize the anticipated benefits of these acquisitions and divestitures.

We seek to grow through strategic acquisitions in addition to organic growth. In the past several years, we have acquired various businesses and entered into joint venture arrangements in an effort to complement and expand our business. We expect to continue such pursuits in the future. Our due diligence reviews may not identify all of the issues necessary to accurately estimate the cost and potential loss contingencies of a particular transaction, including potential exposure to regulatory sanctions resulting from an acquisition target's previous activities. For example, we may incur unanticipated costs, expenses or other liabilities, or reduced sales, as a result of an acquisition's violation of applicable laws, such as the FCPA or other anti-corruption laws outside of the U.S. We also may incur – and have incurred – unanticipated costs or expenses, including post-closing asset impairment charges and expenses associated with eliminating duplicate facilities, litigation, and other liabilities. We may encounter – and have encountered – difficulties in integrating acquired businesses with our operations, applying our internal controls to these acquired businesses, or in managing strategic investments. Additionally, we may not realize – and have sometimes not realized – the degree or timing of benefits we anticipate when we first enter into a transaction. Any of the foregoing could adversely affect our business and results of operations. In addition, accounting requirements relating to business combinations, including the requirement to expense certain acquisition costs as incurred, may cause us to incur greater earnings volatility and generally lower earnings during periods in which we acquire new businesses.

We also make strategic divestitures from time to time. Our divestitures may result in continued financial exposure to the divested businesses, such as through guarantees, other financial arrangements, continued supply and services arrangements or through the retention of liabilities, such as for environmental and product liability claims. Under these arrangements, nonperformance by those divested businesses or claims against retained liabilities could result in the imposition of obligations that could have a material adverse effect on our cash flows, results of operations, or financial condition.

The success of future acquisitions, divestitures and joint ventures will depend on the satisfaction of conditions precedent to such transactions and the timing of consummation of such transactions, which will depend in part on the ability of the parties to secure any required regulatory approvals in a timely manner, among other things.

We may recognize impairment charges for our goodwill and certain other intangible assets.

We may recognize impairment charges for our goodwill and certain other intangible assets. Our other intangible assets primarily consist of trademarks. As of December 31, 2020, the net carrying value of our goodwill and certain other intangible assets totaled $10.1 billion and $1.0 billion, respectively. In accordance with generally accepted accounting principles in the U.S. ("GAAP"), we periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, planned or unexpected significant changes in the use of the assets, and sustained market capitalization declines may result in the impairment of goodwill or other intangible assets. Any charges relating to such impairments could have a material adverse impact on our results of operations in the period in which the impairment is recognized.

Failure to maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs and access to the capital markets.

Carrier has been issued an investment grade credit rating by each of Moody’s Investors Services, Inc. ("Moody's"), Standard & Poor’s ("S&P") and Fitch Ratings Inc. ("Fitch Ratings"). Nonetheless, any future downgrades could increase our borrowing costs, reduce market capacity for our commercial paper or require the posting of collateral under our derivative contracts. There can be no assurance that we will be able to maintain our credit ratings, and any additional actual or anticipated changes or downgrades, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to the capital markets. Additionally, our credit agreements generally include an increase in interest rates if the ratings for our debt are downgraded.

We incurred debt obligations, and we may incur additional debt obligations in the future, which could adversely affect our business and profitability and our ability to meet other obligations.

As of December 31, 2020, we had approximately $10.2 billion in aggregate principal amount of outstanding indebtedness. See Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements and the section entitled "Liquidity and Financial Condition" in this Annual Report on Form 10-K for additional information. We may also incur additional indebtedness in the future.

Our debt obligations could potentially have important consequences to us and our debt and equity investors, including: (1) requiring a substantial portion of our cash flows from operations to make interest payments; (2) making it more difficult to satisfy debt service and other obligations; (3) increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing; (4) increasing our vulnerability to general adverse economic and industry conditions; (5) reducing the cash flows available to fund capital expenditures and other corporate purposes and to grow our business; (6) limiting our flexibility in planning for, or reacting to, changes in our business and the industry; (7) placing us at a competitive disadvantage relative to our competitors that may not be as highly leveraged with debt; and (8) limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase shares.

As described in Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements and "Liquidity and Financial Condition" the terms of our indebtedness contain covenants restricting our financial flexibility in a number of ways, including, among other things, restrictions on our ability and the ability of certain of our subsidiaries to incur liens, to make certain fundamental changes and to enter into sale and leaseback transactions. In addition, the Revolving Credit Facility (defined subsequently) requires that we not exceed a maximum consolidated total leverage ratio, subject to the amendment also described in Note 12 – *Borrowings and Lines of Credit.* If we breach a restrictive covenant under any of our indebtedness, or an event of default occurs in respect of any of our indebtedness, our lenders may be entitled to declare all amounts owing in respect thereof to be immediately due and payable.

To the extent that we incur additional indebtedness, the foregoing risks could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flows from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

Risks Related to the Separation from UTC

We have only operated as an independent company since April 3, 2020, the effective date of the Distribution, and our historical financial information is not necessarily indicative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results; additionally, we are a smaller, less diversified company than UTC prior to the Separation and the Distribution.

The historical information about Carrier in this Annual Report on Form 10-K for the periods prior to April 3, 2020 refers to Carrier's businesses as operated by and integrated with UTC. Our historical financial information included in this Annual Report on Form 10-K is derived from the combined financial statements and accounting records of UTC. Prior to the Separation and the Distribution, our business had been operated by UTC as part of its broader corporate organization, rather than as an independent company. As part of UTC, we were able to enjoy certain benefits from UTC's operating diversity, purchasing power and opportunities to pursue integrated strategies with UTC's other businesses. Additionally, UTC or one of its affiliates performed or helped perform various corporate functions for us, such as accounting, auditing, tax, legal, human resources, investor relations, risk management, treasury and other general and administrative functions. Accordingly, the financial information included in this Annual Report on Form 10-K for the periods prior to April 3, 2020 does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company or those that we will achieve in the future.

In addition, the diversification of our sales, costs and cash flows are diminished as a stand-alone company, such that our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and our ability to fund capital expenditures and investments, pay dividends and service debt may be diminished. As a stand-alone Company, we may also lose capital allocation efficiency and flexibility because we are no longer able to use cash flows from UTC or Otis to fund our investments and operations.

After the Separation and the Distribution, certain members of management, directors and shareowners own stock in UTC, Carrier and Otis, and as a result may face actual or potential conflicts of interest.

Following the Separation and the Distribution, certain members of management and the board of directors of each of UTC, Carrier and Otis own common stock in all three companies. This ownership overlap could create, or appear to create, potential conflicts of interest when the management and directors of one company face decisions that could have different implications for themselves and the other two companies. For example, potential conflicts of interest could arise in connection with the resolution of any dispute regarding the terms of the agreements governing the Separation and Carrier's relationship with UTC and Otis thereafter. These agreements include a separation and distribution agreement, the TSA, the TMA, the employee matters agreement, the intellectual property agreement and any commercial agreements between the parties or their affiliates. Potential conflicts of interest may also arise out of any commercial arrangements that we or UTC may enter into in the future. See Note 1 – *Description of the Business* in the accompanying Notes to the Consolidated Financial Statements for additional information on these agreements.

We could experience temporary interruptions in business operations and incur additional costs as we further develop information technology infrastructure and transition our data to our stand-alone systems.

We are in the process of finalizing development of an IT infrastructure and systems to support our critical business functions, including accounting and reporting, in order to replace many of the systems and functions UTC provided prior to the Separation and the Distribution. We may experience temporary disruption in our business operations as we continue to develop this IT infrastructure, which could have a material adverse effect on our profitability. In addition, our costs for the operation of these systems may be higher than the amounts reflected in the Consolidated Financial Statements for the periods prior to April 3, 2020.

We may not be able to engage in desirable capital-raising or strategic transactions following the Separation and the Distribution.

Under current U.S. federal income tax law, a spin-off that otherwise qualifies for tax-free treatment can be rendered taxable to the parent corporation and its shareowners as a result of certain post-spin-off transactions, including certain acquisitions of shares or assets of the spun-off corporation. To preserve the tax-free treatment of the Separation and the Distribution, and in addition to Carrier's indemnity obligation described subsequently, the TMA restricts us, for the two-year period following the Distribution, except in specific circumstances, from: (1) entering into any transaction pursuant to which all or a portion of the

shares of Carrier common stock would be acquired, whether by merger or otherwise; (2) issuing equity securities beyond certain thresholds; (3) repurchasing shares of Carrier common stock other than in certain open-market transactions; and (4) ceasing to actively conduct certain of our businesses. The TMA also prohibits us from taking or failing to take any other action that would prevent the Distribution and certain related transactions from qualifying as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code") or for applicable non-U.S. income tax purposes. Further, the TMA imposes similar restrictions on us and our subsidiaries during the two-year period following the Distribution that are intended to prevent certain transactions undertaken as part of the internal reorganization from failing to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for applicable non-U.S. income tax purposes. These restrictions may limit our ability to pursue certain equity issuances, strategic transactions, repurchases or other transactions that we may otherwise believe to be in the best interests of our shareowners or that might increase the value of our business. See Note 1 – *Description of the Business* in the accompanying Notes to the Consolidated Financial Statements for additional information.

In connection with the Separation into three independent public companies, each of UTC, Carrier and Otis has agreed to indemnify the other parties for certain liabilities. If we are required to pay UTC and/or Otis under these indemnities, our financial results could be negatively impacted. Also, the UTC or Otis indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which UTC and Otis have been allocated responsibility, and UTC and/or Otis may not be able to satisfy their respective indemnification obligations in the future.

Pursuant to the Separation and the Distribution agreement and certain other agreements among UTC, Carrier and Otis, each party has agreed to indemnify the other parties for certain liabilities as discussed further in Note 1 – *Description of the Business* in the accompanying Notes to the Consolidated Financial Statements. Indemnities that we may be required to provide UTC and/or Otis are not subject to any cap, may be significant and could negatively impact our business. Third parties could also seek to hold us responsible for any of the liabilities that UTC and/or Otis has agreed to retain. The indemnities from UTC and Otis for our benefit may not be sufficient to protect us against the full amount of such liabilities, and UTC and/or Otis may not be able to fully satisfy their respective indemnification obligations. Any amounts we are required to pay pursuant to such indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business.

Moreover, even if we ultimately succeed in recovering from UTC or Otis, as applicable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our business, results of operations, cash flows and financial condition.

If the Distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, including as a result of subsequent acquisitions of our stock or the stock of UTC, we, as well as UTC, Otis and UTC's shareowners, could be subject to significant tax liabilities. In addition, if certain internal restructuring transactions were to fail to qualify as transactions that are generally tax-free for U.S. federal or non-U.S. income tax purposes, we, as well as UTC and Otis could be subject to significant tax liabilities. In certain circumstances, we could be required to indemnify UTC for material taxes and other related amounts pursuant to indemnification obligations under the TMA.

The Distribution was conditioned on, among other things, the receipt by UTC of an IRS ruling regarding certain U.S. federal income tax matters relating to the Separation and the Distribution and an opinion of outside counsel, regarding the qualification of certain elements of the Distribution under Section 355 of the Code. The IRS ruling and the opinion of counsel were based upon and relied on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of UTC, Carrier and Otis, including those relating to the past and future conduct of UTC, Carrier and Otis.

Notwithstanding receipt of the IRS ruling and the opinion of counsel, the IRS could determine that the Distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the IRS ruling or the opinion of counsel was based were inaccurate or have not been complied with. In addition, the IRS ruling does not address all of the issues that are relevant to determining whether the Distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes. The opinion of counsel represents the judgment of such counsel and is not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by UTC of the IRS ruling and the opinion of counsel, there can be no assurance that the IRS will not assert that the Distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes (including by reason of the consummation of Raytheon Company's merger with a wholly-owned subsidiary of UTC

shortly after the Effective Time) or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, we, as well as UTC, Otis and UTC's shareowners, could be subject to significant U.S. federal income tax liability.

If the Distribution were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, UTC would recognize a taxable gain as if it had sold the Carrier common stock in a taxable sale for its fair market value, and UTC shareowners who received Carrier common stock in the Distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. Even if the Distribution were to otherwise qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to UTC (but not its shareowners) under Section 355(e) of the Code if the Distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in UTC or Carrier. For this purpose, any acquisitions of UTC or Carrier common stock within the period beginning two years before the Distribution and ending two years after the Distribution are presumed to be part of such a plan, although UTC or Carrier may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable Treasury Regulations).

In addition, as part of the Separation, and prior to the Distribution, UTC and its subsidiaries completed an internal reorganization. With respect to certain transactions undertaken as part of the internal reorganization, UTC requested and obtained tax rulings in certain non-U.S. jurisdictions and/or opinions of external tax advisors, in each case, regarding the tax treatment of such transactions. Such tax rulings and opinions were based upon and relied on, among other things, various facts and assumptions, as well as certain representations (including with respect to certain valuation matters relating to the internal reorganization), statements and undertakings of UTC, Carrier, Otis or their respective subsidiaries. If any of these representations or statements were, or were to become, inaccurate or incomplete, or if UTC, Carrier, Otis or any of their respective subsidiaries did not fulfill or otherwise comply with any such undertakings or covenants, such tax rulings and/or opinions may be invalid or the conclusions reached therein could be jeopardized. Further, notwithstanding receipt of any such tax rulings and/or opinions, there can be no assurance that the relevant taxing authorities will not assert that the tax treatment of the relevant transactions differs from the conclusions reached in the relevant tax rulings and/or opinions. In the event any such tax rulings and/or opinions or the relevant taxing authorities prevail with any challenge in respect of any relevant transaction, we, as well as UTC and Otis could be subject to significant tax liabilities.

Under the TMA, Carrier is generally required to indemnify UTC and Otis for any taxes resulting from the Separation (and any related costs and other damages) to the extent such amounts resulted from: (1) an acquisition of all or a portion of the equity securities or assets of Carrier, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (2) other actions or failures to act by Carrier or (3) certain of Carrier's representations, covenants or undertakings contained in any of the separation-related agreements and documents or in any documents relating to the IRS ruling and/or the opinion of counsel being incorrect or violated. Further, under the TMA, we are generally required to indemnify UTC and Otis for a specified portion of any taxes (and any related costs and other damages) (a) arising as a result of the failure of the Distribution and certain related transactions to qualify as a transaction that is generally tax-free (including as a result of Section 355(e) of the Code) or a failure of any internal separation transaction that is intended to qualify as a transaction that is generally tax-free to so qualify, in each case, to the extent such amounts did not result from a disqualifying action by, or acquisition of equity securities of, Carrier, Otis or UTC or (b) arising from an adjustment, pursuant to an audit or other tax proceeding, with respect to any separation transaction that is not intended to qualify as a transaction that is generally tax-free. Any such indemnity obligations could be material. See Note 1 – *Description of the Business* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

In connection with the Separation (including the internal reorganization described previously), UTC completed several corporate reorganization transactions involving its subsidiaries which, along with the Distribution, may be subject to various fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the Separation, any entity involved in these reorganization transactions or the Separation: (1) was insolvent, was rendered insolvent by reason of the Separation, or had remaining assets constituting unreasonably small capital, and (2) received less than fair consideration in exchange for the Distribution; or intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured, then the court could void the Separation and the Distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our shareowners to return to UTC some or all of the shares of Carrier common stock issued in the Distribution, or require UTC or Carrier, as the case may be, to fund liabilities of the other company for the benefit

of creditors. The measure of insolvency will vary depending upon the jurisdiction and the applicable law. Generally, however, an entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities (including the probable amount of contingent liabilities), or if it incurred debt beyond its ability to repay the debt as it matures. No assurance can be given as to what standard a court would apply to determine insolvency or that a court would determine that Carrier or any of our subsidiaries were solvent at the time of or after giving effect to the Distribution.

Risks Related to Our Common Stock

The market price and trading volume of our common stock may fluctuate significantly.

The trading price of our common stock has been and may continue to be volatile and the trading volume in our common stock may fluctuate and cause significant price variations to occur.

The factors that could affect our common stock price include among others: (1) industry or general market conditions; (2) domestic and international economic factors unrelated to our performance; (3) impact of the COVID-19 pandemic; (4) lawsuits, enforcement actions and other claims by third parties or governmental authorities; (5) changes in our customers' preferences; (6) new regulatory pronouncements and changes in regulatory guidelines; (7) actual or anticipated fluctuations in our quarterly operating results; (8) changes in securities analysts' estimates of our financial performance or lack of research coverage and reports by industry analysts; (9) action by institutional stockholders or other large stockholders; (10) failure to meet any guidance given by us or any change in any guidance given by us, or changes by us in our guidance practices; (11) announcements by us of significant impairment charges; (12) speculation in the press or investment community; (13) investor perception of us and our industry; (14) changes in market valuations or earnings of similar companies; (15) announcements by us or our competitors of significant contracts, acquisitions, dispositions or strategic partnerships; (16) war or terrorist acts; (17) any future sales of our common stock or other securities; and (18) additions or departures of key personnel.

The stock markets have experienced volatility in recent years that has been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of our common stock. In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management's attention and resources, which could harm our business, operating results and financial condition.

Shareowner's percentage of ownership in Carrier's common stock may be diluted in the future.

The percentage ownership of shareowners in Carrier's common stock may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that we grant to our directors, officers and employees. Our employees have, and will receive from Carrier, stock-based awards that correspond to shares of our common stock. Such awards have had and will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. See Note 4 – *Earnings Per Share* and Note 14 – *Stock-Based Compensation* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Quarterly cash dividends may be discontinued or modified, are subject to a number of uncertainties and may affect the price of our common stock.

Quarterly cash dividends are a component of our capital allocation strategy, which we fund with operating free cash flows, borrowings and divestitures. However, we are not required to declare dividends. Dividends may be discontinued, accelerated, suspended or delayed at any time without prior notice. Even if not discontinued, the amount of such dividends may be changed, and the amount, timing and frequency of such dividends may vary from past practice or from the company's stated expectations. Decisions with respect to dividends are subject to the discretion of our Board of Directors and will be based on a variety of factors. Important factors that could cause us to discontinue, limit, suspend, increase or delay our quarterly cash dividends include market conditions, the price of our common stock, the nature and timing of other investment opportunities, changes in our business strategy, the terms of our financing arrangements, our outlook as to the ability to obtain financing at attractive rates, the impact on our credit ratings and the availability of domestic cash. The reduction or elimination of our cash dividend could adversely affect the market price of our common stock.

Our amended and restated bylaws designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareowners, which could discourage lawsuits against Carrier and our directors and officers.

Carrier's amended and restated bylaws provide that unless Carrier's Board of Directors otherwise determines, the state courts within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Carrier, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of Carrier to Carrier or to Carrier shareowners, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against Carrier or any current or former director or officer or other employee of Carrier arising pursuant to any provision of the Delaware General Corporation Law ("DGCL") or our amended and restated certificate of incorporation or amended and restated bylaws, any action asserting a claim relating to or involving Carrier governed by the internal affairs doctrine, or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL.

To the fullest extent permitted by law, this exclusive forum provision applies to state and federal law claims, including claims under the federal securities laws, including the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), although Carrier shareowners will not be deemed to have waived Carrier's compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that, in connection with claims arising under federal securities laws or otherwise, a court could find the exclusive forum provision contained in the amended and restated bylaws to be inapplicable or unenforceable.

This exclusive forum provision may limit the ability of our shareowners to bring a claim in a judicial forum that such shareowners find favorable for disputes with Carrier or our directors or officers, which may discourage such lawsuits against Carrier and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described previously, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

Anti-takeover provisions could enable our Board of Directors to resist a takeover attempt by a third party and limit the power of our shareowners.

Carrier's amended and restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Carrier's Board of Directors rather than to attempt a hostile takeover. These provisions include, among others: (1) the ability of our remaining directors to fill vacancies on Carrier's Board of Directors (except in an instance where a director is removed by shareowners and the resulting vacancy is filled by shareowners); (2) limitations on shareowners' ability to call a special shareowner meeting; (3) rules regarding how shareowners may present proposals or nominate directors for election at shareowner meetings; and (4) the right of Carrier's Board of Directors to issue preferred stock without shareowner approval.

In addition, we are subject to Section 203 of the DGCL, which could have the effect of delaying or preventing a change of control that shareowners may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation's outstanding voting stock.

We believe these provisions will protect our shareowners from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with Carrier's Board of Directors and by providing Carrier's Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make Carrier immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some shareowners and could delay or prevent an acquisition that Carrier's Board of Directors determines is not in the best interests of Carrier and our shareowners. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

In addition, an acquisition or further issuance of our common stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to UTC. Under the TMA, we are required to indemnify UTC for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that our shareowners may consider favorable.

General Risks

Natural disasters, epidemics or other unexpected events may disrupt our operations, adversely affect our results of operations, financial condition and may not be fully covered by insurance.

The occurrence of one or more natural disasters, power outages or other unexpected events, including hurricanes, fires, earthquakes, volcanic eruptions, tsunamis, floods and other forms of severe weather, health epidemics, pandemics (including COVID-19) or other contagious outbreaks, conflicts, wars or terrorist acts, in the U.S. or in other countries in which we or our suppliers or customers operate could adversely affect our operations and financial performance. Natural disasters, power outages or other unexpected events could damage or close one or more of our facilities or disrupt our operations temporarily or long-term, such as by causing business interruptions or by affecting the availability and/or cost of materials needed for manufacturing. In some cases, we have only one factory that can manufacture a specific product or product line. As a result, damage to or the closure of that factory may disrupt or prevent us from manufacturing certain products. Existing insurance arrangements may not cover all of the costs or lost cash flows that may arise from such events. The occurrence of any of these events could also increase our insurance and other operating costs or harm our sales.

We may be affected by global economic, capital market and political conditions, and conditions in the construction, transportation and infrastructure industries in particular.

Our business, financial condition, operating results and cash flows may be adversely affected by changes in global economic conditions and geopolitical risks and conditions, including credit market conditions, levels of consumer and business confidence, fluctuations in residential, commercial and industrial construction activity, pandemic health issues (including COVID-19 and its effects), natural disasters, commodity prices, energy costs, interest rates, foreign exchange rates, levels of government spending and deficits, trade policies (including tariffs, boycotts and sanctions), regulatory changes, actual or anticipated default on sovereign debt and other challenges that could affect the global economy.

These economic and political conditions affect our business in a number of ways. At this point, the extent to which COVID-19 will continue to impact the global economy remains uncertain, but pandemics or other significant public health events, or the perception that such events may occur, could have a material adverse effect on our business, results of operations and financial condition. Additionally, the tightening of credit in the capital markets could adversely affect the ability of our customers, including individual end-customers and businesses, to obtain financing for significant purchases and operations, which could result in a decrease in or cancellation of orders for our products and services. Similarly, tightening credit may adversely affect our supply base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy. Additionally, because we have a number of factories and suppliers in foreign countries, the imposition of tariffs or sanctions or unusually restrictive border crossing rules could adversely affect our supply chain, operations and overall business.

Our business and financial performance is also adversely affected by decreases in the general level of economic activity, such as decreases in business and consumer spending and construction (both residential and commercial as well as remodeling). In addition, our financial performance may be influenced by the production and utilization of transport equipment, including truck production cycles in North America and Europe.

Our business success depends on attracting and retaining qualified personnel.

Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce. Failure to ensure that we have leadership with the necessary skill sets and experience could impede our ability to deliver our growth objectives, execute our strategic plan and effectively transition our leadership.

Additional tax expense or additional tax exposures could affect our future profitability.

We are subject to income taxes in the U.S. and various international jurisdictions. Changes to tax laws and regulations as well as changes and conflicts in related interpretations or other tax guidance could materially impact our tax receivables and liabilities and our deferred tax assets and deferred tax liabilities. Additionally, in the ordinary course of business, we are subject

to examinations by various tax authorities. Tax authorities in various jurisdictions could also launch new examinations and expand existing examinations. The global and diverse nature of our operations means that these risks will continue, and additional examinations, proceedings and contingencies will arise from time to time. Our competitive position, cash flows, results of operation or financial condition may be affected by the outcome of examinations, proceedings and contingencies that cannot be predicted with certainty.

See "Business Overview" and "Results of Operations—Income Taxes" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 3 – *Summary of Significant Accounting Policies* and Note 19 – *Income Taxes* to the accompanying Notes to the Consolidated Financial Statements for further discussion on income taxes and related contingencies, including our provisional accounting and assessment of the effect of the Tax Cuts and Jobs Act of 2017 ("TCJA").

Failure to maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect us.

As a public company, we are subject to the reporting requirements of the Exchange Act, Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the Dodd-Frank Wall Street Reform and Consumer Protection Act and are required to prepare our financial statements according to the rules and regulations required by the SEC. In addition, the Exchange Act requires that we file annual, quarterly and current reports. Our failure to prepare and disclose this information in a timely manner or to otherwise comply with applicable law could subject us to penalties under federal securities laws, expose us to lawsuits and restrict our ability to access financing. In addition, the Sarbanes-Oxley Act requires that, among other things, we establish and maintain effective internal controls and procedures for financial reporting and disclosure purposes. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal controls over financial reporting until we file our first Annual Report on Form 10-K with the SEC, at which time we will be an accelerated filer or a large accelerated filer; accordingly, we expect this attestation at the time we file our Annual Report on Form 10-K for fiscal year 2021. We cannot provide assurance that our internal controls over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that internal controls were effective. If we are not able to maintain or document effective internal controls over financial reporting, our independent registered public accounting firm will not be able to certify as to the effectiveness of our internal controls over financial reporting when required.

Matters affecting our internal controls may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in our company and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm report a material weakness in our internal controls over financial reporting. This could have a material and adverse effect on us by, for example, leading to a decline in the share price of our common stock and impairing our ability to raise additional capital.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We operate approximately 1,200 sites, which comprise approximately 35 million square feet of productive space. Of these, our facilities and key manufacturing sites greater than 100,000 square feet comprise approximately 24 million square feet of productive space. Approximately 60%, 15% and 21% of these significant properties are associated with our HVAC, Refrigeration and Fire & Security segments, respectively, with approximately 4% not associated with a particular segment. Approximately 32% of these significant properties are leased and the remainder are owned. Approximately 30% of these significant properties are located in the U.S.

Our fixed assets as of December 31, 2020 include manufacturing facilities and non-manufacturing facilities, such as warehouses and machinery and equipment, most of which is general purpose machinery and equipment that use special jigs, tools and fixtures and that, in many instances, have automatic control features and special adaptations. The facilities, warehouses, machinery and equipment in use as of December 31, 2020 are in good operating condition, are well-maintained and substantially all are generally in regular use.

ITEM 3. LEGAL PROCEEDINGS

Asbestos Matters

The Company and our consolidated subsidiaries have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos allegedly integrated into certain Carrier products or business premises. While the Company has never manufactured asbestos and no longer incorporates it into any currently-manufactured products, certain products that Carrier no longer manufactures contained components incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos-related claims were not material individually or in the aggregate in any period.

The amounts recorded for asbestos-related liabilities are based on currently available information and assumptions that we believe are reasonable and are made with input from outside actuarial experts. As of December 31, 2020, the estimated range of liability to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately $245 million to $276 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of $245 million and $255 million, which is principally recorded in Other long-term liabilities on the Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively. These amounts are undiscounted and exclude the Company’s legal fees to defend the asbestos claims, which are expensed as incurred. In addition, the Company has an insurance recovery receivable for probable asbestos-related recoveries of approximately $103 million and $104 million, which is included primarily in Other assets on the Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively.

Aqueous Film Forming Foam Litigation

Aqueous Film Forming Foam ("AFFF") is a firefighting foam developed in the 1970s pursuant to U.S. military specification and used to extinguish certain types of fires primarily at airports and military bases. AFFF was manufactured by several companies, including National Foam and Angus Fire. UTC acquired the National Foam and Angus Fire businesses in 2005 as part of the acquisition of Kidde, which has been operated by Carrier. In 2013, UTC divested the National Foam and Angus Fire businesses to a third party.

Carrier and many other parties, including the third-party buyer of the National Foam and Angus Fire businesses, have been named as defendants in over 700 cases, including putative class actions and other lawsuits, alleging that the historic use of AFFF caused personal injuries and property damage. Additionally, several state and municipal plaintiffs have commenced litigation against the same defendants to recover remediation costs related to historic use of AFFF. In December 2018, the U.S. Judicial Panel on Multidistrict Litigation ("MDL") transferred and consolidated all of the AFFF cases pending in the federal courts to the U.S. District Court for the District of South Carolina for pre-trial proceedings.

Plaintiffs in the MDL allege that a chemical ingredient in AFFF contains, or breaks down into, compounds known as perflourooctane sulfonate ("PFOS") and perflourooctane acid ("PFOA") that were released into the environment and, in some instances, ultimately leached into drinking water supplies. National Foam and Angus Fire purchased these perflourinated

chemical ingredients from third-party chemical manufacturers to manufacture AFFF. Chemicals containing PFOS and PFOA (or their precursors) have also been used for decades by many third parties to manufacture carpets, clothing, fabrics, cookware and other consumer products. The individual plaintiffs in the MDL generally seek compensatory damages for alleged personal injuries, medical monitoring, and diminution in property value and injunctive relief to remediate alleged contamination of water supplies. The U.S., state, municipal and water utility plaintiffs in the MDL generally seek damages and costs related to the remediation of public property and water supplies.

Carrier and other defendants are also party to fewer than 10 cases in state court brought by oil refining companies in the U.S. alleging product liability claims related to legacy sales of AFFF and seeking damages for the costs to replace the product and for property damage.

Carrier and other defendants are also party to an action related to the AFFF manufacturing facility that was operated by National Foam and Angus Fire in which the water utility plaintiffs seeks remediation costs related to the alleged contamination of the local water supply.

We believe that we have meritorious defenses to these claims. We are also seeking insurance coverage for these claims. At this time, however, given the numerous factual, scientific and legal issues to be resolved relating to these claims, Carrier is unable to assess the probability of liability or reasonably estimate the damages, if any, to be allocated to Carrier, if one or more plaintiffs were to prevail in these cases and there can be no assurance that any such future exposure will not be material in any period.

UTC Equity Awards Conversion Litigation

On August 12, 2020, several former employees of UTC and its subsidiaries filed a putative class action complaint in the U.S. District Court for the District of Connecticut against Raytheon Technologies Corporation, Carrier, Otis, the former members of the UTC Board of Directors and the members of the Carrier and Otis Boards of Directors (*Geraud Darnis, et al. v. Raytheon Technologies Corporation, et al.*). The complaint challenges the method by which UTC equity awards were converted to UTC, Carrier and Otis equity awards following the Separation and the Distribution. The complaint asserts that the defendants are liable for breach of certain equity compensation plans and for breach of fiduciary duty and also asserts claims under certain provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Carrier believes that the claims against the Company are without merit.

Other

We have commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising out of the ordinary course of business. We accrue contingencies based on a range of possible outcomes. If no amount within this range is a better estimate than any other, we accrue the minimum amount.

In the ordinary course of business, Carrier is also routinely a defendant in, party to or otherwise subject to many pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial monetary damages are asserted against Carrier and could result in fines, penalties, compensatory or treble damages or non-monetary relief. We do not believe that these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

A further discussion of our potential regulatory liabilities can be found under the headings "Business" and "Risk Factors" in this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

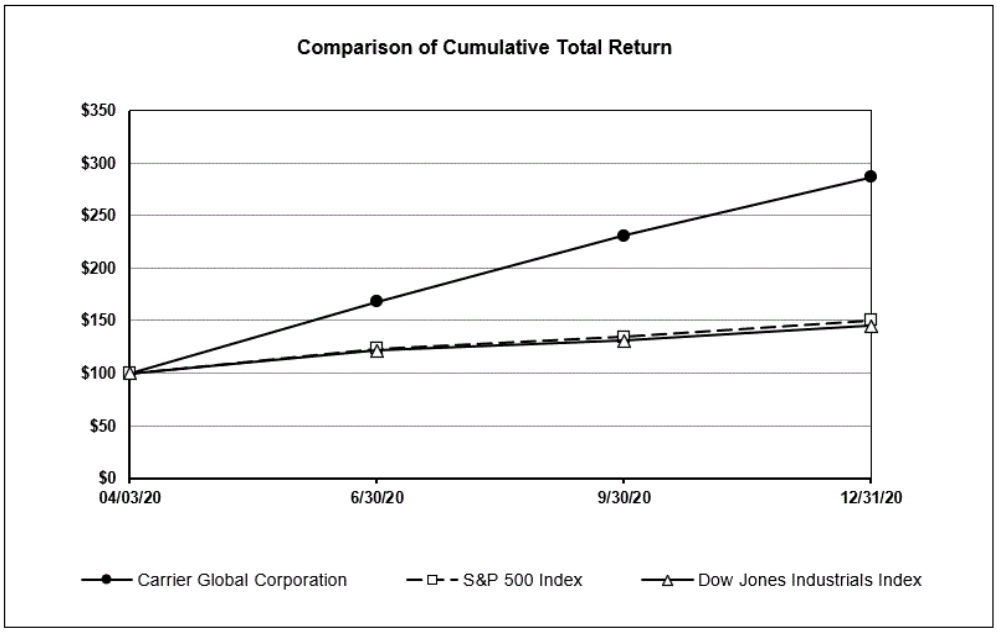
The Company's common stock is listed on the NYSE under the ticker symbol "CARR." As of December 31, 2020, the approximate number of common stock shareowners of record was 25,967.

PERFORMANCE GRAPH

The following information is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates it by reference into such a filing.

On April 3, 2020, UTC completed the Separation of Carrier into a stand-alone company. As a result of the Separation and the Distribution, Carrier became an independent public company and our common stock commenced trading under the symbol "CARR." The following graph presents the cumulative total shareowner return from the Distribution Date through the year ended December 31, 2020 for our common stock, as compared with the S&P 500 Index and the Dow Jones Industrial Average. Our common stock price is a component of the S&P 500 Index. These figures assume that all dividends paid over the period were reinvested and that the starting value of each index and the investment in common stock was $100 on April 3, 2020.

Comparison of Cumulative Total Return



The cumulative total returns on Carrier common stock and each index as of each April 3, 2020 through December 31, 2020 plotted in the above graph are as follows:

Company / Index	April 3, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Carrier Global Corporation	$ 100.00	$ 167.93	$ 230.82	$ 286.66
S&P 500 Index	$ 100.00	$ 123.27	$ 134.28	$ 150.59
Dow Jones Industrials Index	$ 100.00	$ 121.27	$ 131.23	$ 145.31

ITEM 6. SELECTED FINANCIAL DATA

(in millions, except per share data)	2020 [1]	2019 [1]	2018 [1]	2017 [1]	2016 (Unaudited) [1]
For the Year Ended December 31,					
Net sales	$ 17,456	$ 18,608	$ 18,914	$ 17,814	$ 16,853
Research and development	$ 419	$ 401	$ 400	$ 364	$ 351
Restructuring costs	$ 49	$ 126	$ 80	$ 111	$ 65
Operating profit [2]	$ 3,083	$ 2,491	$ 3,637	$ 3,030	$ 2,760
Net income from operations [3]	$ 2,006	$ 2,155	$ 2,769	$ 1,267	$ 1,900
Net income attributable to common shareowners	$ 1,982	$ 2,116	$ 2,734	$ 1,227	$ 1,854
Capital expenditures	$ 312	$ 243	$ 263	$ 326	$ 340
Earnings per Share - Basic [4]	$ 2.29	$ 2.44	$ 3.16	$ 1.42	$ 2.14
Earnings per Share - Diluted [4]	$ 2.25	$ 2.44	$ 3.16	$ 1.42	$ 2.14
Cash dividends declared per common share	$ 0.28	$ —	$ —	$ —	$ —
As of December 31,					
Working capital [5]	$ 3,414	$ 1,490	$ 1,643	$ 1,750	$ 1,693
Total assets [6]	$ 25,093	$ 22,406	$ 21,737	$ 21,985	$ 20,981
Long-term debt [7]	$ 10,227	$ 319	$ 293	$ 165	$ 162
Total liabilities [6] [7]	$ 18,515	$ 7,971	$ 7,468	$ 7,201	$ 5,844
Total equity	$ 6,578	$ 14,435	$ 14,269	$ 14,784	$ 14,960

[1] The Company's financial statements for periods prior to the Separation and the Distribution on April 3, 2020 are prepared on a "carve-out" basis. See Note 2 - *Basis of Presentation* in the accompanying Notes to the Consolidated Financial Statements.

[2] 2020 Operating profit includes a $1.1 billion gain on the sale of our equity ownership in Beijer Ref AB ("Beijer"), (see Note 6 - *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements), and a $71 million impairment charge on a minority-owned joint venture investment. 2019 Operating profit includes a $108 million impairment charge related to a minority-owned joint venture investment. 2018 Operating profit includes a $799 million gain on the sale of Taylor Company ("Taylor"). 2017 operating profit includes a $379 million gain on the sale of our investment in Watsco, Inc.

[3] 2020 Net income includes a $51 million charge related to a valuation allowance recorded against a United Kingdom tax loss and credit carryforward as a result of the Separation and a $46 million charge resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings. 2019 Net income includes a net tax benefit of $149 million as a result of the filing by a Carrier subsidiary to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of an audit by the IRS for UTC's 2014, 2015 and 2016 tax years. 2018 Net income includes a net tax charge of $102 million as a result of UTC ceasing to assert that it intended to reinvest certain undistributed earnings of its international subsidiaries. 2017 Net income includes net tax charges of approximately $799 million related to U.S. tax reform legislation enacted in December 2017.

[4] Earnings per share for periods presented prior to the Separation and the Distribution were calculated using the number of shares that were distributed to UTC shareowners as a result of the Distribution. For periods prior to the Separation and the Distribution it is assumed that there are no dilutive equity instruments as there were no Carrier stock-based awards outstanding prior to the Separation and the Distribution.

[5] Working capital is defined as current assets less current liabilities.

[6] The increase in total assets and total liabilities in 2019 primarily relates to the adoption of Accounting Standards Update ("ASU") 2016-02, *Leases*, which Carrier adopted effective January 1, 2019.

[7] The increase in long-term debt and total liabilities during 2020 reflects the issuance of long-term debt of $11.0 billion associated with the Separation, and the issuance of $750 million 2.700% Notes due 2031, less a $1.75 billion debt prepayment made in the three months ended December 31, 2020. See Note 12 - *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS OVERVIEW

Separation from United Technologies Corporation

On April 3, 2020, UTC completed the Separation through the Distribution of all of the outstanding common stock of the Company to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the Distribution. UTC distributed 866,158,910 shares of Carrier common stock in the Distribution at the Effective Time. As a result of the Distribution, UTC shareowners of record received one share of the Company's common stock for every one share of UTC common stock and Carrier became an independent public company. Our common stock is listed under the symbol "CARR" on the NYSE. In connection with the Separation, Carrier issued an aggregate principal balance of $11.0 billion of debt and transferred approximately $10.9 billion of cash to UTC on February 27, 2020 and March 27, 2020. On April 1, 2020 and April 2, 2020, Carrier received cash contributions totaling $590 million from UTC related to the Separation. See Note 12 – *Borrowings and Lines of Credit* and Note 4 – *Earnings Per Share* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Prior to the Separation and the Distribution, the Consolidated Financial Statements reflect the financial position, results of operations and cash flows of the Company for the periods presented as historically managed within UTC. For the periods prior to the Separation and the Distribution, the Consolidated Financial Statements were derived from the consolidated financial statements and accounting records of UTC and thus were prepared on a "carve-out" basis, as described subsequently. The Company's financial statements for the period from April 3, 2020 through December 31, 2020 are consolidated financial statements based on the reported results of Carrier as a stand-alone company.

The Consolidated Financial Statements include all revenues and costs directly attributable to Carrier, including costs for facilities, functions and services used by Carrier. Prior to the Separation and the Distribution, costs for certain functions and services performed by UTC were directly charged to Carrier based on specific identification when possible or based on a reasonable allocation driver such as net sales, headcount, proportionate usage or other allocation methods. The results of operations include allocations of costs for administrative functions and services performed on behalf of Carrier by centralized groups within UTC.

We entered into the TSA with UTC and Otis in connection with the Separation pursuant to which UTC provides us with certain services and we provide certain services to UTC for a limited time to help ensure an orderly transition following the Separation and the Distribution. The services we receive include, but are not limited to, information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services. The costs for these services historically were included in our operating results based on allocations from UTC and have not been materially different under the TSA, nor do we expect such costs to be materially different when these services are transitioned from UTC to Carrier.

Subsequent to the Separation and the Distribution, we have incurred and will continue to incur expenditures consisting primarily of employee-related costs, costs to establish certain stand-alone functions and information technology systems and other transaction-related costs. Additionally, we will have incurred and will continue to incur increased costs as a result of becoming an independent, publicly traded company, primarily from establishing or expanding corporate support for our businesses, including information technology, human resources, treasury, tax, internal audit, risk management, accounting and financial reporting, investor relations, governance, legal, procurement and other services. Our estimates of these additional recurring costs expected to be incurred annually are approximately $75 million in the aggregate greater than the expenses historically allocated to us from UTC, and primarily relate to Selling, general and administrative expenses. We believe our cash flows from operations will be sufficient to fund these additional corporate expenses.

In connection with the Separation, we entered into the TMA with UTC and Otis that governs the parties’ respective rights, responsibilities and obligations with respect to tax matters (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters). Subject to certain exceptions set forth in the TMA, Carrier generally is responsible for federal, state and foreign taxes imposed on a separate return basis upon Carrier (or any of our subsidiaries) with respect to taxable periods (or portions thereof) that ended on or prior to the date of the Distribution. The TMA provides special rules that allocate responsibility for tax liabilities arising from a failure of the

Separation transactions to qualify for tax-free treatment based on the reasons for such failure. The TMA also imposes restrictions on each of Carrier and Otis during the two-year period following the Distribution that are intended to prevent certain transactions from failing to qualify as transactions that are generally tax-free. See Note 1 – *Description of the Business* in the accompanying Notes to the Consolidated Financial Statements for additional information.

In connection with the Separation, we also entered into an employee matters agreement and intellectual property agreement with UTC and Otis. These agreements are not expected to have a material impact on the financial results of Carrier.

Business Summary

Carrier Global Corporation is a leading global provider of healthy, safe and sustainable building and cold chain solutions. Today, our portfolio includes industry-leading brands such as Carrier, Kidde, Edwards, LenelS2, Carrier Transicold and Automated Logic that offer innovative HVAC, refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable.

Our worldwide operations are affected by global and regional industrial, economic and political factors and trends. These factors and trends include the mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of our growing global population and the rising standards of living in emerging markets. We believe that the Company's HVAC, Refrigeration and Fire & Security business segments are well positioned to benefit from favorable secular trends, including these mega-trends and from the strength of our industry-leading brands and track record of innovation.

The effects of climate change, such as extreme weather conditions, create financial risks to our business. For example, the demand for our products and services, such as residential air conditioning equipment, may be affected by unseasonable weather conditions. Demand for our HVAC products and services, representing our largest segment by sales, is seasonal and affected by the weather. Cooler than normal summers depress our sales of replacement air conditioning products and services. Similarly, warmer than normal winters have the same effect on our heating products.

Our business is also affected by changes in the general level of economic activity, such as changes in business and consumer spending, construction activity and shipping activity. A change in building and remodeling activity also can affect our financial performance. In addition, our financial performance may be influenced by the production and utilization of transport equipment, including truck production cycles in North America and Europe.

Business Segments

Our operations are organized into three segments: HVAC, Refrigeration and Fire & Security. Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling and ventilation needs of residential and commercial customers. Our Refrigeration segment provides refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products. Our Fire & Security segment provides a wide range of residential and commercial building systems and security and service solutions. Our customers are in both the public and private sectors, and our businesses reflect extensive geographic diversification. See Note 1 – *Description of the Business* and Note 26 – *Segment Financial Data* in the accompanying Notes to the Consolidated Financial Statements for further information.

As part of our growth strategy, we invest in businesses in certain countries that carry higher levels of currency, political and/or economic risk, such as Mexico, China, Brazil, India and countries in the Middle East. As of December 31, 2020, our net assets in any one of these countries did not exceed 11% of our consolidated equity. See Note 26 – *Segment Financial Data* in the accompanying Notes to the Consolidated Financial Statements for further discussion of sales attributed to geographic regions.

Our earnings growth strategy contemplates earnings from organic sales growth, including growth from new product development and product improvements, structural cost reductions, operational improvements and incremental earnings from acquisitions.

Acquisition and restructuring costs associated with business combinations are expensed as incurred. Depending on the nature and level of acquisition activity, our earnings could be adversely impacted due to acquisition and restructuring actions initiated in connection with the integration of businesses acquired. For further discussion of acquisitions and restructuring, see Note 6 – Equity Method Investments and Related Parties, Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* and Note 17 – *Restructuring Costs* in the accompanying Notes to the Consolidated Financial Statements.

Impact of the COVID-19 pandemic

COVID-19 surfaced in late 2019 and has spread throughout the world. In March 2020, COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. government. The pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, resulted in significant travel restrictions, mandated facility closures, and resulted in shelter-in-place orders.

Carrier has taken and continues to take all prudent measures to protect the health and safety of our employees. In particular, we have implemented work-from-home requirements (where practical), social distancing and deep cleaning protocols at all of our facilities as well as travel restrictions, among other measures. We have also taken appropriate measures, which comply with applicable government regulations and guidance to work with our customers to minimize potential disruptions and to support the communities that we serve to address the challenges posed by the pandemic.

The full extent of the impact of COVID-19 on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic as well as any worsening or additional outbreaks of the pandemic, related containment and mitigation actions taken by the U.S. federal, state and local and international governments to prevent disease spread and the rollout of vaccines in the U.S. and internationally, including the effectiveness of such vaccines in preventing COVID-19 and the time it takes to vaccinate a sufficient percentage of the U.S. and global populations. The extent of the pandemic's impact on Carrier will also depend upon our employees' ability to work safely in our facilities and to be granted access to vaccines (including the time it takes for our employees to be vaccinated), our customers’ ability to continue to operate or to receive our products, our suppliers' ability to continue to supply us with products and the level of activity and demand for the ultimate products and services of our customers or their customers.

In early 2020, we temporarily closed or reduced production at manufacturing facilities in North America, Asia and Europe for safety reasons and in response to lower demand for our products. Our manufacturing operations have since resumed, measures have been enacted to scale capacity to demand, and we continue to actively take steps to mitigate supply chain risk. We continue to apply appropriate safety measures and have not experienced any significant disruptions to our manufacturing operations. We also initiated return-to-work protocols at our non-manufacturing facilities where employees were previously working remotely.

We took preemptive actions in 2020 to preserve our liquidity and manage our cash flows to ensure we met our liquidity needs. Such actions included, but were not limited to, modifying the financial covenants in our revolving and term loan credit agreements and issuing $750 million of 2.700% Notes due 2031 (see Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements for further information), reducing our discretionary spending, our capital investments and general and administrative costs by implementing pay freezes and cuts, employee furloughs and the suspension of non-critical hiring, and participating in global COVID-19 relief measures.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. Note 3 – *Summary of Significant Accounting Policies* in the accompanying Notes to the Consolidated Financial Statements describes the significant accounting policies used in preparation of the consolidated financial statements. We believe that the most complex and sensitive judgments, because of their potential significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain and are described subsequently. Actual results could differ from management's estimates.

Goodwill and Intangible Assets

Our goodwill had an aggregate carrying amount of $10.1 billion as of December 31, 2020. Our indefinite-lived intangible assets primarily consist of individual trademarks, which had an aggregate carrying amount of $571 million as of December 31, 2020.

We test our reporting units and trademarks for impairment annually as of the first day of our third quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit or trademark is less than its carrying amount. Such events and circumstances could include, among other things, increased competition or unexpected loss of market share, increased input costs beyond projections (for example, due to regulatory or industry changes), disposals of significant businesses or components of our business, unexpected business disruptions (for example, due to the loss of a customer, supplier or other significant business relationship), unexpected significant declines in operating results or significant adverse changes in the markets in which we operate. We test reporting units for impairment by comparing the estimated fair value of each reporting unit with its carrying amount. We test trademarks for impairment by comparing the estimated fair value of each brand with its carrying amount. If the carrying amount of a reporting unit or trademark exceeds its estimated fair value, we record an impairment loss based on the difference between fair value and carrying amount. In the case of reporting units, any impairment loss would not exceed the associated carrying amount of goodwill.

We performed our annual impairment assessment of goodwill and indefinite-lived trademarks as of July 1, 2020. As part of our annual impairment testing, we considered the impact of the adverse effects of COVID-19 on the global economy and our business and performed a quantitative impairment assessment that compared the fair value of each reporting unit to its associated carrying value to determine whether it was necessary to recognize a goodwill impairment. Estimating the fair value of individual reporting units and trademarks requires us to make assumptions and estimates regarding our future plans, as well as industry, economic and regulatory conditions, which were updated in performing the impairment assessment. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management’s expectations or plans otherwise change, including as a result of the execution of our global five-year strategic plan, then one or more of our reporting units or trademarks might become impaired in the future.

We utilize the discounted cash flow method under the income approach to estimate the fair value of our reporting units. The discounted cash flow method relies on estimates of future cash flows and explicitly addresses factors such as timing, growth and margins, with due consideration given to forecasting risk. We developed these assumptions based on the market and geographic risks unique to each reporting unit. The significant assumptions inherent in estimating the fair values include the estimated future annual net cash flows for each reporting unit (based on projected net sales, operating margins, working capital and capital expenditures), income tax rates, long-term growth rates and a discount rate that appropriately reflects the risks inherent in estimating future cash flows. We selected the assumptions used in the financial forecasts based on historical data, supplemented by current and anticipated market conditions, estimated growth rates and management’s plans. For all reporting units, the fair value of goodwill exceeded the carrying value, resulting in no goodwill impairment. However, for one reporting unit with goodwill of $917 million, the excess of fair value over the carrying value was approximately 13%. For this reporting unit, a 100 basis point increase in the discount rate used in the financial forecast would result in an impairment of approximately $84 million. The estimated fair value of the reporting unit would be negatively impacted if future economic conditions are worse than our financial forecast and assumptions or there are substantial reductions in our end markets and volume assumptions relative to our financial forecast.

For our indefinite-lived assets, a fair value is determined on a relief from royalty methodology, which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning the asset. The significant assumptions inherent in estimating fair value include the estimated future annual net sales for each trademark, royalty rates (as a percentage of net sales that would hypothetically be charged by a licensor of the brand to an unrelated licensee), income tax

considerations, long-term growth rates, a discount rate that reflects the level of risk associated with the future cost savings attributable to the brand, and management's intent to invest in the brand indefinitely. We selected the assumptions used in the financial forecasts based on historical data, supplemented by current and anticipated market conditions, and estimated product category growth rates, management's plans and guideline companies. The present value of the after-tax cost savings (i.e., royalty relief) indicates the estimated fair value of the asset. Any excess of the carrying value over the estimated fair value would be recognized as an impairment loss equal to that excess. For all trade names, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) in the 2020 test was a minimum of 80%. Based upon the quantitative assessment performed, the fair value of indefinite-lived trademarks was determined to exceed the carrying value, resulting in no impairment.

The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows. Although these assets are not currently impaired, there can be no assurance that future impairments will not occur. See Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* in the accompanying Notes to the Consolidated Financial Statements for further information.

Revenue Recognition from Contracts with Customers

Effective January 1, 2018, we adopted ASU 2014-09 – *Revenue from Contracts with Customers* and its related amendments ("New Revenue Standard") and elected the modified retrospective approach. The adoption of the New Revenue Standard did not have a material impact on revenue, net income or net assets. Note 5 – *Revenue Recognition* in the accompanying Notes to the Consolidated Financial Statements contains further detail regarding the adoption of the New Revenue Standard and its impact on the consolidated financial statements as of, and for, the year ended December 31, 2018.

We recognize revenue on an over-time basis on installation and service contracts related to our HVAC, Refrigeration and Fire & Security service businesses. For contracts recorded on an over-time basis, we measure progress toward completion using costs incurred to date relative to total estimated costs at completion. This over-time basis using an input method requires estimates of future revenues and costs over the full term of product and/or service delivery. Incurred costs represent work performed, which correspond with and best depict transfer of control to the customer. Contract costs are incurred over a period of time, which can generally range from several months to years, and the estimation of these costs requires management's judgment. We review our cost estimates on significant contracts on a quarterly basis and, for others, at least annually or when circumstances change and warrant a modification to a previous estimate. We record changes in contract estimates using the cumulative catch-up method.

We consider the contractual consideration payable by the customer and assess variable consideration that may affect the total transaction price, including contractual discounts, contract incentive payments, estimates of award fees and other sources of variable consideration, when determining the transaction price of each contract. Variable consideration is included in the estimated transaction price when there is a basis to reasonably estimate the amount. These estimates are based on historical experience, anticipated performance and management's judgment. We also consider whether the contracts provide customers with significant financing, although in general our contracts do not contain significant financing.

Income Taxes

The future tax benefit arising from deductible temporary differences and tax carryforwards was $838 million and $923 million as of December 31, 2020 and 2019, respectively. Management believes that our earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits, which may be realized over an extended period of time. For those jurisdictions where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, a valuation allowance is provided.

In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be affected by changes in tax laws, changes to statutory tax rates and future taxable income levels. In the event we were to determine that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through an increase to tax expense in the period in which that determination is made or when tax law changes are enacted. Conversely, if we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease a recorded valuation allowance through a decrease to tax expense in the period in which that determination is made.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the Consolidated Financial Statements. See Note 3 – *Summary of Significant Accounting Policies* and Note 19 – *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements for further discussion.

Employee Benefit Plans

We sponsor domestic and foreign defined benefit pension and other post-retirement plans. The major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets, rate of increase in employee compensation levels and mortality rates. Assumptions are determined based on company data and appropriate market indicators and are evaluated each year as of December 31. A change in any of these assumptions would have an effect on net periodic pension and post-retirement benefit costs reported in the Consolidated Financial Statements.

The following table summarizes the sensitivity of our pension plan liabilities and net periodic cost to a 25 basis point change in the discount rates for benefit obligations, interest cost and service cost as of December 31, 2020:

(dollars in millions)	**Increase in Discount Rate of 25 bps**	**Decrease in Discount Rate of 25 bps**
Pension plans		
Projected benefit obligation	$ (112)	$ 119
Net periodic pension (benefit) cost	$ (2)	$ 2

A 25 basis point change in the discount rate would not have a material impact on our post-retirement benefit plan obligations as of December 31, 2020.

These estimates assume no change in the shape or steepness of the company-specific yield curve used to plot the individual spot rates that will be applied to the future cash outflows for future benefit payments in order to calculate interest and service cost. A flattening of the yield curve, from a narrowing of the spread between interest and obligation discount rates, would increase our net periodic pension cost. Conversely, a steepening of the yield curve, from an increase in the spread between interest and obligation discount rates, would decrease our net periodic pension cost.

Pension expense is also sensitive to changes in the expected return on plan assets. An increase or decrease of 25 basis points in the expected return on plan assets would have decreased or increased 2020 pension expense by approximately $7 million.

The weighted-average discount rates used to measure pension liabilities and costs utilize each plan's specific cash flows and are then compared with high-quality bond indices for reasonableness. For our significant plans, we utilize a full yield curve approach in the estimation of the service cost and interest cost components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Global market interest rates decreased during 2020 compared with 2019, and as a result, the weighted-average discount rate used to measure pension liabilities decreased from 2.0% in 2019 to 1.4% during 2020. The weighted-average discount rates used to measure service cost and interest cost were 1.8% and 1.8%, respectively, during 2020 and 3.2% and 2.7%, respectively in 2019.

See Note 13 – *Employee Benefit Plans* in the accompanying Notes to the Consolidated Financial Statements for further discussion.

Contingent Liabilities

As described in Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements, contractual, regulatory and other matters, including asbestos claims, may arise in the ordinary course of business that subject us to claims or litigation. We have recorded reserves in the consolidated financial statements related to these matters, which are developed using input derived from actuarial estimates and historical and anticipated experience depending on the nature of the reserve, and in certain instances in consultation with legal counsel, internal and external

consultants and engineers. Subject to the uncertainties inherent in estimating future costs for these types of liabilities, we believe our estimated reserves are reasonable and do not believe the final determination of the liabilities with respect to these matters would have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. See the "Risk Factors" section in this Annual Report on Form 10-K for additional information.

Environmental Matters

Our operations are subject to environmental regulation by federal, state and local authorities in the U.S. and various regulatory authorities with jurisdiction over our foreign operations. As a result, we have established, and periodically update, policies relating to environmental standards of performance for our operations worldwide. We believe that expenditures necessary to comply with the current regulations governing environmental protection will not have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

At the commencement of 2020, we identified 85 locations with reserves for which we may have some liability for remediating contamination. However, a few of these locations tracked several claims as a group which we are now tracking as 95 separate locations. Additionally, we added two new locations to our remediation program for the year ended December 31, 2020, resulting in 97 locations with reserves as of December 31, 2020. We do not believe that any individual location's exposure will have a material adverse effect on our results of operations. Sites in the investigation, remediation or operation and maintenance stage represent approximately 85% of our accrued environmental remediation reserve, while the remaining 15% reflects administrative costs such as legal fees, permits, settlements and municipal fees.

We have been identified as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability ACT ("Superfund") at 18 sites. The number of Superfund sites, in and of itself, does not represent a relevant measure of liability because the nature and extent of environmental concerns vary from site to site and our share of responsibility varies from sole responsibility to very little responsibility. In estimating our liability for remediation, we consider our likely proportionate share of the anticipated remediation expense and the ability of other potentially responsible parties to fulfill their obligations.

As of December 31, 2020 and 2019, the outstanding liability for environmental obligations was $239 million and $217 million, respectively. See Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements for additional discussion.

Asbestos Matters

The amounts recorded for asbestos-related liabilities are based on currently available information and assumptions that we believe are reasonable and are made with input from outside actuarial experts. The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately $245 million to $276 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of $245 million, which is principally recorded in Other long-term liabilities on the Consolidated Balance Sheet as of December 31, 2020. This amount is not discounted and excludes the Company’s legal fees to defend the asbestos claims, which will continue to be expensed by the Company as incurred. In addition, the Company has an insurance recovery receivable for probable asbestos related recoveries of approximately $103 million, which is included primarily in Other assets on the Consolidated Balance Sheet as of December 31, 2020. See "Legal Proceedings" for further discussion of the estimated liabilities and insurance recoveries. See Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements for further discussion.

Recent Accounting Pronouncements

See Note 3 – *Summary of Significant Accounting Policies* in the accompanying Notes to the Consolidated Financial Statements for a discussion of recent accounting pronouncements and their effect on us.

RESULTS OF OPERATIONS

The Company's financial statements for the periods prior to the Separation and the Distribution are prepared on a "carve-out" basis as described in Note 2 – *Basis of Presentation*. The Company's financial statements for the period from April 3, 2020 through December 31, 2020 are consolidated financial statements based on the reported results of Carrier as a stand-alone company.

The following represents our consolidated net sales and operating results (dollars in millions):

	For the Year Ended December 31,		
(dollars in millions)	**2020**	**2019**	**2018**
Segment net sales:			
HVAC	$ 9,478	$ 9,712	$ 9,713
Refrigeration	3,333	3,792	4,095
Fire & Security	4,985	5,500	5,531
Eliminations and other	(340)	(396)	(425)
	17,456	18,608	18,914
Cost of products and services sold	12,347	13,189	13,345
Gross margin	5,109	5,419	5,569
Research and development	419	401	400
Selling, general and administrative	2,820	2,761	2,689
Equity method investment net earnings	207	236	220
Other income (expense), net	1,006	(2)	937
Operating profit	3,083	2,491	3,637
Non-service pension benefit	60	154	168
Interest (expense) income, net	(288)	27	37
Income from operations before income taxes	2,855	2,672	3,842
Income tax expense	849	517	1,073
Net income from operations	2,006	2,155	2,769
Less: Non-controlling interest in subsidiaries' earnings from operations	24	39	35
Net income attributable to common shareholders	**$ 1,982**	**$ 2,116**	**$ 2,734**

Net Sales

(dollars in millions)	**2020**	**2019**	**2018**
Net sales	$ 17,456	$ 18,608	$ 18,914
Percentage change	(6)%	(2)%	

The factors contributing to the total percentage change year-over-year in total net sales are as follows:

	2020	**2019**
Organic / Operational	(6) %	1 %
Foreign currency translation	— %	(2) %
Acquisitions and divestitures, net	— %	(1) %
Total % change	**(6)%**	**(2)%**

The 6% organic sales decrease for the year ended December 31, 2020 reflects lower sales volumes across all of the segments driven by the economic slowdown attributed to COVID-19 throughout 2020. The organic sales decrease in HVAC of 2% reflects declines in commercial HVAC and light commercial HVAC that were largely driven by the economic slowdown related to COVID-19, partially offset by increases in North America residential HVAC. The increase in North America residential HVAC sales was driven by new housing starts in addition to higher demand for replacement units due to increased usage attributed to a warmer than normal summer and remote work and school activities associated with COVID-19. The organic sales decrease of 12% in Refrigeration was driven by declines in commercial refrigeration that were primarily due to lower demand and the closure of new equipment installation sites because of COVID-19, in transport refrigeration in Europe and North America due to economic slowdowns related to COVID-19 and lower truck trailer sales volume in North America when compared with the cyclical peak experienced in 2019. Fire & Security sales decreased 9% organically reflecting lower product and field service sales. The decline in product sales was primarily driven by lower volume in North America and EMEA due to COVID-19. Field service sales were down primarily in Europe and Asia reflecting the impact of business shutdowns and project delays as a result of COVID-19. For additional discussion on the segment results for 2020, see the section entitled "Segment Review."

The organic sales increase of 1% for the year ended December 31, 2019 was primarily driven by growth in HVAC (1%) and in Fire & Security (1%), partially offset by declines in Refrigeration (1%). HVAC organic sales growth was driven by stronger sales in North America residential HVAC and by growth in commercial HVAC in Asia and the Americas. Organic sales growth in Fire & Security was driven by stronger product sales globally, as well as field service growth primarily within Asia. The decline in Refrigeration was driven by transport refrigeration, primarily the container business, partially offset by growth in North America Truck Trailer as well as a decline in commercial refrigeration, primarily in Europe. The divestiture related sales decrease in 2019 was due to the sale of Taylor in 2018, which was part of Refrigeration.

Cost of Products and Services Sold

(dollars in millions)	**2020**	**2019**	**2018**
Total cost of products and services sold	$ 12,347	$ 13,189	$ 13,345
Percentage change year-over-year	(6)%	(1)%	

The factors contributing to the percentage change year-over-year in total cost of products and services sold are as follows:

	2020	**2019**
Organic / Operational	(6) %	2 %
Foreign currency translation	— %	(2) %
Acquisitions and divestitures, net	— %	(1) %
Total % change	**(6)%**	**(1)%**

The 6% organic decrease in the cost of products and services sold for the year ended December 31, 2020 is consistent with the 6% organic sales decrease largely attributed to the economic slowdown related to COVID-19.

The decrease in total cost of products and services sold for the year ended December 31, 2019 was primarily driven by favorable foreign currency translation and net acquisition and divestiture activity, which more than offset increases from organic sales growth, higher tariffs and unfavorable commodity prices.

Gross Margin

(dollars in millions)	**2020**	**2019**	**2018**
Gross margin	$ 5,109	$ 5,419	$ 5,569
Percentage of net sales	29.3 %	29.1 %	29.4 %

The 20 basis point increase in gross margin as a percentage of sales for 2020 reflects the benefit from favorable material productivity, partially offset by the effects of lower sales volumes largely as a result of the economic slowdown resulting from COVID-19.

Gross margin as a percentage of net sales decreased 30 basis points for the year ended December 31, 2019 as the favorable impact of pricing and productivity net of unfavorable commodity prices and tariffs was more than offset by unfavorable mix, the absence of a favorable prior year contract adjustment related to a large commercial project and the unfavorable year-over-year impact resulting from the revaluation of certain long-term liabilities.

Selling, General and Administrative

(dollars in millions)	**2020**	**2019**	**2018**
Selling, general and administrative expenses	$ 2,820	$ 2,761	$ 2,689
Percentage of net sales	16.2 %	14.8 %	14.2 %

The $59 million increase in Selling, general and administrative expenses for the year ended December 31, 2020 was primarily attributed to a year-over-year increase of $75 million in one-time Separation related costs, $75 million in costs associated with Carrier's transition to an independent publicly traded company and other costs. Increased Separation and public company costs were partially offset by cost containment initiatives implemented to mitigate the impact of COVID-19, which included furloughs, temporary pay freezes and pay cuts and reductions in discretionary spending, lower restructuring costs of $61 million, the absence of a $34 million charge incurred in 2019 related to the impact of a consultant contract termination and lower costs associated with the wind-down of a residential intrusion business of $21 million. As a percentage of sales, the 140 basis point increase was primarily driven by lower sales as a result of COVID-19.

Selling, general and administrative expenses increased $72 million for the year ended December 31, 2019 primarily driven by $53 million of costs related to the Separation, and a consultant contract termination fee of $34 million, neither of which were incurred in 2018, partially offset by lower year-over-year corporate allocations from UTC.

We are continuously evaluating our cost structure and have implemented restructuring actions to keep our cost structure competitive. The amounts reflected previously include the impact of restructuring actions on Selling, general and administrative expenses. For further discussion, see Note 17 – *Restructuring Costs* in the accompanying Notes to the Consolidated Financial Statements.

Equity Method Investment Net Earnings

(dollars in millions)	**2020**	**2019**	**2018**
Equity method investment net earnings	$ 207	$ 236	$ 220

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. Equity method investment net earnings decreased $29 million for the year ended December 31, 2020 primarily due to lower earnings from our investments in HVAC joint ventures in Asia and the Middle East, primarily due to the impact of COVID-19 and the adverse impact of a product performance matter at one of our HVAC joint ventures.

In 2020, we sold our equity ownership in Beijer for $1.4 billion and recognized a pre-tax gain of approximately $1.1 billion. Following the sale, Carrier no longer has equity ownership in Beijer. For the year ended December 31, 2020, Carrier recognized $27 million of equity method investment net earnings related to our equity ownership in Beijer.

Equity in earnings of unconsolidated equity method investments increased by $16 million for the year ended December 31, 2019, primarily due to stronger earnings from our HVAC equity method investments in Europe and Asia.

See Note 6 – *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Other Income (Expense), Net

(dollars in millions)	**2020**	**2019**	**2018**
Other income (expense), net	$ 1,006	$ (2)	$ 937

Other income (expense), net primarily includes the impact of gains and losses related to sale of ownership in our equity method investments or infrequently occurring items. The year-over-year change of $1.0 billion for 2020, is primarily attributed to a $1.1 billion gain on the sale of our equity ownership in Beijer. The favorable $37 million year-over-year impact related to other-than-temporary impairment charges of $71 million in 2020 and $108 million in 2019 was offset by the absence of gains on the sale of equity method investments and real property of $79 million and $19 million in charges related to litigation matters in 2020.

The year-over-year decrease of $939 million in Other income (expense), net for the year ended December 31, 2019 was primarily driven by the absence of a prior year gain of $799 million from the divestiture of Taylor, as well as the 2019 impairment of an equity method investment of $108 million.

Interest (Expense) Income, Net

(dollars in millions)	**2020**	**2019**	**2018**
Interest expense	$ (298)	$ (75)	$ (84)
Interest income	10	102	121
Interest (expense) income, net	**$ (288)**	**$ 27**	**$ 37**

Prior to the Separation and the Distribution, interest income and interest expense related primarily to interest on related party activity between Carrier and UTC. See "Liquidity and Financial Condition" and Note 6 – *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Interest (expense) income, net reflects $315 million higher year-over-year interest expense, net for the year ended December 31, 2020 compared with 2019 due to the issuance of $9.25 billion of long-term fixed rate notes in February 2020, a $1.75 billion draw on our Term Loan Credit Facility (defined subsequently) in March 2020, the issuance of $750 million of long-term fixed rate notes in June 2020, and a decrease in interest income earned on related party receivables due from UTC. In the three months ended December 31, 2020, Carrier prepaid the $1.75 billion Term Loan Credit Facility for which $26 million of interest expense was recognized in the year ended December 31, 2020. See Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Interest (expense) income, net decreased for the year ended December 31, 2019 as compared with 2018, which primarily reflects changes in interest earned on related party receivables due from UTC.

Income Taxes

	2020	**2019**	**2018**
Effective tax rate	29.7 %	19.4 %	27.9 %

The increase in the effective tax rate for the year ended December 31, 2020 compared with the prior year is primarily due to the absence of a prior year combined tax benefit of $149 million resulting from the filing by a Carrier subsidiary to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of an audit by the IRS for UTC tax years 2014, 2015 and 2016. In addition, the following tax costs were recorded for the year ended December 31, 2020: a $51 million adjustment related to a valuation allowance recorded against a United Kingdom tax loss and credit carry forward resulting from separation-related activities and an adjustment of $46 million resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings.

The 2019 effective tax rate reflects a net tax benefit of $149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of the audit by the Examination Division of the IRS for the UTC 2014, 2015 and 2016 tax years.

The 2018 effective tax rate reflects a net tax charge of $102 million as a result of UTC ceasing to assert that it intended to reinvest certain undistributed earnings of its international subsidiaries. The effective income tax rate for 2018 also reflects the incremental tax cost associated with the divestiture of Taylor.

For further discussion of income taxes and the effective income tax rate, see "Critical Accounting Estimates — Income Taxes" and Note 19 – *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements.

Segment Review

We determine our segments based on how our Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM"), allocates resources, assesses performance and makes operational decisions. The CODM allocates resources and evaluates the financial performance of each of our segments, HVAC, Refrigeration and Fire & Security, based on net sales and operating profit. Adjustments to reconcile segment reporting to the consolidated results for 2020 and 2019 are included in the section entitled "Eliminations and other and General corporate expenses."

Summary performance for each of our segments is as follows:

	Net Sales			Operating Profit			Operating Margin		
(dollars in millions)	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
HVAC	$ 9,478	$ 9,712	$ 9,713	$ 2,462	$ 1,563	$ 1,720	26.0 %	16.1 %	17.7 %
Refrigeration	3,333	3,792	4,095	357	532	1,353	10.7 %	14.0 %	33.0 %
Fire & Security	4,985	5,500	5,531	584	708	726	11.7 %	12.9 %	13.1 %
Total segment	17,796	19,004	19,339	3,403	2,803	3,799	19.1 %	14.7 %	19.6 %
Eliminations and other	(340)	(396)	(425)	(184)	(156)	(24)	54.1 %	40.0 %	5.6 %
General corporate expenses	—	—	—	(136)	(156)	(138)	— %	— %	— %
Consolidated	**$ 17,456**	**$ 18,608**	**$ 18,914**	**$ 3,083**	**$ 2,491**	**$ 3,637**	**17.7 %**	**13.4 %**	**19.2 %**

HVAC

Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Our established brands include Automated Logic, BluEdge, Bryant, Carrier, CIAT, Day & Night, Heil, NORESCO, Riello and Tempstar. Products include air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions. Some of these products are part of Carrier's Healthy Buildings Program, which offers a suite of targeted solutions focused on improving indoor air quality in buildings and homes. HVAC products and solutions are sold directly, including to building contractors and owners, and indirectly through joint ventures, independent sales representatives, distributors, wholesalers, dealers and retail outlets, and through direct sales offices which sell, in part, to mechanical contractors.

2020 Compared with 2019

(dollars in millions)	**2020**	**2019**	**Increase (Decrease)**	**% Increase (Decrease)**
Net sales	$ 9,478	$ 9,712	$ (234)	(2)%
Operating profit	$ 2,462	$ 1,563	$ 899	58 %

	Net sales	**Operating profit**
Organic / Operational	(2) %	(15) %
Foreign currency translation	— %	(1) %
Restructuring	— %	3 %
Other	— %	71 %
Total % change	**(2)%**	**58 %**

The organic sales decrease of 2% reflects declines in North America light commercial HVAC (15%) and commercial HVAC (9%) largely driven by the economic slowdown resulting from COVID-19, partially offset by increases in North America residential HVAC (10%). Commercial HVAC sales declined globally except in China, which saw an increase. The residential HVAC sales increase was driven by new housing starts in addition to higher demand for replacement units attributed to increased usage as a result of a warmer than normal summer, and remote work and school activity resulting from COVID-19.

The operational profit decrease of 15% was primarily attributed to lower sales volumes and unfavorable mix and increased selling, general and administrative costs, including higher costs associated with Carrier's transition to an independent publicly traded company partially offset by favorable net material productivity.

The increase in Other of 71% primarily reflects a $1.1 billion gain on the sale of the Company's equity ownership in Beijer, partially offset by a $108 million impairment charge related to a minority-owned joint venture investment in 2019.

2019 Compared with 2018

(dollars in millions)	**2019**	**2018**	**Increase (Decrease)**	**% Increase (Decrease)**
Net sales	$ 9,712	$ 9,713	$ (1)	— %
Operating profit	$ 1,563	$ 1,720	$ (157)	(9)%

	Net sales	**Operating profit**
Organic / Operational	1 %	— %
Foreign currency translation	(1) %	(1) %
Restructuring	— %	(2) %
Other	— %	(6) %
Total % change	**— %**	**(9) %**

The organic sales increase of 1% primarily reflects stronger North America residential HVAC sales (2%), in addition to growth for commercial HVAC offerings in Asia (3%) and the Americas (2%), partially offset by declines in EMEA (9%).

Organic operational profit was flat due to favorable pricing offset by unfavorable mix.

The 6% decrease in Other primarily reflects a $108 million impairment charge related to a minority-owned joint venture investment in 2019.

Refrigeration

Our Refrigeration segment includes transport refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products. Transport refrigeration products and cold chain monitoring solutions, which are part of Carrier's Healthy, Safe, Sustainable Cold Chain Program, are used to enable the safe and reliable transport of food and beverages, medical supplies, including vaccines and other perishable cargo. Commercial refrigeration solutions include refrigerated cabinets, freezers, systems and controls. Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of food and beverage retail. Our Refrigeration products and services are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Refrigeration products and services are sold directly, including to transportation companies and retail stores, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers and dealers.

2020 Compared with 2019

(dollars in millions)	**2020**	**2019**	**Increase (Decrease)**	**% Increase (Decrease)**
Net sales	$ 3,333	$ 3,792	$ (459)	(12)%
Operating profit	$ 357	$ 532	$ (175)	(33)%

	Net sales	**Operating profit**
Organic / Operational	(12) %	(29) %
Foreign currency translation	— %	1 %
Other	— %	(5) %
Total % change	**(12)%**	**(33)%**

The organic sales decrease of 12% was driven by declines in transport refrigeration (14%) and commercial refrigeration (9%). The decline in transport refrigeration sales reflects lower sales volume in North America when compared with the cyclical peak experienced in 2019 and the economic slowdown resulting from COVID-19, and Europe truck trailer sales volume decreased due to COVID-19. Commercial refrigeration sales declined primarily due to lower demand and the closure of new equipment installation sites resulting from COVID-19.

The operational profit decrease of 29% was primarily attributed to lower sales volumes and unfavorable mix, increased selling, general and administrative costs, including higher costs associated with Carrier's transition to an independent publicly traded company, partially offset by favorable net material productivity.

The 5% decrease in Other primarily reflects the year-over-year impact of the absence of a $22 million gain on an expropriated plant in 2019.

2019 Compared with 2018

(dollars in millions)	**2019**	**2018**	**Increase (Decrease)**	**% Increase (Decrease)**
Net sales	$ 3,792	$ 4,095	$ (303)	(7)%
Operating profit	$ 532	$ 1,353	$ (821)	(61)%

	Net sales	**Operating profit**
Organic / Operational	(1) %	— %
Foreign currency translation	(3) %	(1) %
Acquisitions and divestitures, net	(3)	(2) %
Other	— %	(58) %
Total % change	**(7)%**	**(61)%**

The organic sales decrease of 1% was driven by declines in transport refrigeration sales (1%), primarily in the container business (9%) and declines in commercial refrigeration (1%), primarily in Europe, partially offset by growth in North America truck trailer (5%).

Organic operational profit was flat on lower sales due to favorable pricing.

The 58% decrease in Other primarily reflects the year-over-year impact of the absence of the prior year gain from the divestiture of Taylor.

Fire & Security

Our Fire & Security segment provides a wide range of residential, commercial and industrial technologies, and systems and service solutions to protect people and property, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems and electronic controls. Other Fire & Security service offerings include audit, design, installation and system integration, as well as aftermarket, maintenance and repair and monitoring services. Our established brands include Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Kidde, LenelS2, Marioff, Onity and Supra. Our Fire & Security products and solutions, also part of Carrier's Healthy Homes and Healthy Buildings Program, are sold directly to end customers as well as through manufacturers' representatives, distributors, dealers, value-added resellers and retail distribution. In addition, certain of our products are supported by installation, maintenance and monitoring through a network of channel partners and our field service business, along with web-based mobile applications and cloud-based services.

2020 Compared with 2019

(dollars in millions)	**2020**	**2019**	**Increase (Decrease)**	**% Increase (Decrease)**
Net sales	$ 4,985	$ 5,500	$ (515)	(9)%
Operating profit	$ 584	$ 708	$ (124)	(18)%

	Net Sales	**Operating Profit**
Organic / Operational	(9) %	(22) %
Foreign currency translation	— %	1 %
Restructuring	— %	3 %
Total % change	**(9)%**	**(18)%**

The organic sales decrease of 9% reflects lower product (10%) and field service (9%) sales. The decline in product sales was primarily driven by lower volume in North America and EMEA resulting from COVID-19. Field service sales were down primarily in Europe and Asia reflecting the impact of business shutdowns and project delays resulting from COVID-19.

The operational profit decrease of 22% was primarily attributed to lower sales volumes and higher provisions for customer credit losses partially offset by favorable material productivity.

2019 Compared with 2018

(dollars in millions)	**2019**	**2018**	**Increase (Decrease)**	**% Increase (Decrease)**
Net sales	$ 5,500	$ 5,531	$ (31)	(1)%
Operating profit	$ 708	$ 726	$ (18)	(2)%

	Net Sales	**Operating Profit**
Organic / Operational	1 %	(2) %
Foreign currency translation	(3) %	(2) %
Acquisitions and divestitures, net	1 %	2 %
Restructuring	— %	(2) %
Other	— %	2 %
Total % change	**(1)%**	**(2)%**

The organic sales increase of 1% was driven primarily by global growth in product sales (1%) and growth in field service (1%), primarily in Asia (5%).

The organic operational profit decrease of 2% was driven by unfavorable mix and investments in research and development.

The 2% increase in Other primarily reflects the absence of the prior year impact associated with a product recall matter.

Eliminations and other and General corporate expenses

	Net Sales			Operating Profit		
(dollars in millions)	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Eliminations and other	$ (340)	$ (396)	$ (425)	$ (184)	$ (156)	$ (24)
General corporate expenses	$ —	$ —	$ —	$ (136)	$ (156)	$ (138)

2020 Compared with 2019

Eliminations and other reflects the elimination of sales, other income and operating profit resulting from activity between segments, net hedging and foreign exchange-related gains and losses, as well as other infrequently occurring items, such as divestiture transaction costs. In addition, Eliminations and other includes costs associated with the settlement and defense of potential future asbestos-related claims, insurance settlements on asbestos-related matters and revisions in the estimated liability for potential future asbestos-related claims. Inter-segment sales eliminations decreased for the year ended December 31, 2020 compared with 2019.

For the year ended December 31, 2020, the $28 million year-over-year decrease in operating profit in Eliminations and other, compared with 2019, was primarily attributed to $54 million in incremental separation-related costs and higher deferred compensation charges of $16 million partially offset by the absence of a $34 million charge incurred in 2019 related to the impact of a consultant contract termination.

General corporate expenses include allocations of corporate expenses from UTC prior to the Separation and the Distribution, which are not necessarily indicative of our future expenses and do not necessarily reflect the results that Carrier may experience as an independent company for the periods presented.

2019 Compared with 2018

The year-over-year decrease in sales eliminations for the year ended December 31, 2019 as compared with 2018 reflects a decrease in the amount of inter-segment eliminations.

The year-over-year change in operating profit within Eliminations and other for the year ended December 31, 2019 is primarily due to separation-related costs of $58 million, a $34 million charge related to the impact of a consultant contract termination and lower asbestos-related settlement gains of $31 million, partially offset by the absence of $15 million of divestiture transaction costs in 2018.

The year-over-year change in General corporate expenses for the year ended December 31, 2019 was primarily driven by higher general and administrative expenses.

LIQUIDITY AND FINANCIAL CONDITION

(dollars in millions)	As of December 31, 2020	2019
Cash and cash equivalents	$ 3,115	$ 952
Total debt	$ 10,227	$ 319
Net debt (total debt less cash and cash equivalents)	$ 7,112	$ (633)
Total Equity	$ 6,578	$ 14,435
Total capitalization (total debt plus total equity)	$ 16,805	$ 14,754
Net capitalization (total debt plus total equity less cash and cash equivalents)	$ 13,690	$ 13,802
Total debt to total capitalization	61 %	NM
Net debt to net capitalization	52 %	NM

Not measurable ("NM") - Prior to the Separation and the Distribution, Carrier participated in UTC's centralized cash management and financing programs; as such, these metrics are neither meaningful nor comparable to those of Carrier as a stand-alone company. See Note 6 – *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements for additional information on the UTC cash management programs.

Prior to the Separation and the Distribution, Carrier participated in UTC's centralized cash pooling and financing programs. Historically, we independently generated operating cash flows sufficient to fund our working capital, capital expenditures and financing needs. Following the Separation and the Distribution, the capital structure and sources of liquidity for Carrier changed as Carrier no longer participates in cash management and financing programs with UTC. Instead, Carrier's ability to fund our capital requirements depends on our ability to generate cash flows from operations. Following the Separation and the Distribution, Carrier has access to a $2.0 billion Revolving Credit Facility (defined subsequently) that supports a commercial paper borrowing program and anticipates continuing to have access to the debt capital markets. We believe that our future operating cash flows and anticipated access to capital will provide sufficient sources of liquidity over the next twelve months to meet our commitments, including the negative impact of COVID-19 on our business.

From time to time we may need to access the capital markets to obtain financing. Although we believe that the arrangements currently in place permit us to finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including (1) our credit ratings or absence of credit ratings, (2) the liquidity of the overall capital markets and (3) the state of the economy, including the impact of COVID-19. There can be no assurance that we will be able to obtain additional financing on terms favorable to us, if at all.

Financing for operational and strategic requirements, not satisfied by operating cash flows, is subject to the availability of external funds through short-term and long-term credit markets. The access to and cost of financing is dependent upon, among other factors, the Company's credit ratings. The following table presents our credit ratings and outlook as of December 31, 2020.

Rating Agency	Long-term Rating [1]	Short-term Rating	Outlook [2]
S&P	BBB	A2	Negative
Moody's	Baa3	P3	Stable
Fitch Ratings	BBB-	F3	Stable

[1] The long-term rating for S&P was affirmed on June 15, 2020, and for Moody's on June 16, 2020. Fitch Ratings' long-term rating was issued on June 11, 2020.
[2] S&P revised its outlook to negative from stable on June 15, 2020.

As of December 31, 2020, we had cash and cash equivalents of $3.1 billion, of which approximately 33% was held by Carrier's foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds and the cost effectiveness with which those funds can be accessed if held by foreign subsidiaries. On occasion, we are required to maintain cash deposits in connection with contractual obligations related to acquisitions or divestitures or other legal obligations. As of December 31, 2020 and 2019, the amount of such restricted cash was approximately $4 million and $5 million, respectively.

Borrowings and Lines of Credit

Long-term debt consisted of the following:

(dollars in million)		As of December 31,	
Debt Description	**Interest Rate**	**2020**	**2019**
1.923% Notes due February 15, 2023	1.923 %	$ 500	$ —
2.242% Notes due February 15, 2025	2.242 %	2,000	—
2.493% Notes due February 15, 2027	2.493 %	1,250	—
2.722% Notes due February 15, 2030	2.722 %	2,000	—
2.700% Notes due February 15, 2031	2.700 %	750	—
3.377% Notes due April 5, 2040	3.377 %	1,500	—
3.577% Notes due April 5, 2050	3.577 %	2,000	—
Other (including project financing obligations and finance leases)		308	319
Total principal long-term debt		10,308	319
Other (discounts and debt issuance costs)		(81)	—
Total debt		10,227	319
Less: current portion of long-term debt		191	237
Long-term debt, net of current portion		**$ 10,036**	**$ 82**

On February 10, 2020, Carrier entered into a revolving credit agreement with various banks permitting aggregate borrowings of up to $2.0 billion pursuant to an unsecured, unsubordinated Revolving Credit Facility that matures on April 3, 2025 as amended, (the "Revolving Credit Facility"). A commitment fee of 0.125% is charged on the unused commitments. Borrowings under the Revolving Credit Facility are available in U.S. Dollars, Euros and Pounds Sterling and bear interest at a variable interest rate based on LIBOR plus a ratings-based margin, which was 125 basis points as of December 31, 2020. The Revolving Credit Facility supports our commercial paper program and cash requirements. As of December 31, 2020, there were no borrowings on the Revolving Credit Facility.

On February 10, 2020, Carrier entered into a term loan credit agreement providing for a $1.75 billion unsecured, unsubordinated term loan credit facility which matures on February 10, 2023 (as amended, the "Term Loan Credit Facility"). On March 27, 2020, Carrier drew the full $1.75 billion available, and in the three months ended December 31, 2020, we fully prepaid the $1.75 billion outstanding under the Term Loan Credit Facility. The Term Loan Credit Facility was subject to a variable interest rate based on LIBOR plus a ratings-based margin, which immediately prior to the repayment date in the three months ended December 31, 2020 was 112.5 basis points. In connection with the full prepayment of the Term Loan Credit Facility, the term loan credit agreement was terminated.

On February 27, 2020, Carrier issued $9.25 billion of unsecured, unsubordinated long-term fixed rate notes in six series with maturities ranging from 2023 through 2050. Carrier used the proceeds from such long-term fixed rate notes and the Term Loan Credit Facility to fund approximately $10.9 billion in distributions to UTC in connection with the Separation.

The revolving credit agreement and indenture contain affirmative and negative covenants customary for financings of this type, that among other things, limit Carrier and our subsidiaries' ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. On June 2, 2020, the Company entered into an amendment of the Revolving Credit Facility. Pursuant to the amendment, certain terms of the Revolving Credit Facility were amended for a period beginning on June 2, 2020 and ending on December 30, 2021 (the "Covenant Modification Period"). The Company may terminate the Covenant Modification Period prior to December 30, 2021, subject to the satisfaction of certain conditions. The amendment defers testing of our consolidated total net leverage ratio financial covenant until June 30, 2021 and increases the consolidated total net leverage ratio limit until December 31, 2021. The amendment also requires us to maintain liquidity at a certain level until the earlier of (1) June 29, 2021 and (2) the last day of the Covenant Modification Period. Additionally, during the Covenant Modification Period, the Company is subject to (a) limitations on the incurrence of subsidiary indebtedness, (b) limitations on the making of restricted payments, including purchases by the Company of our ordinary shares and the amount of dividends the Company may pay, and (c) a "most favored nations" provision related to certain terms of any committed credit facility in an amount greater than $100 million. As of December 31, 2020, we were compliant with all covenants under the agreements governing our outstanding indebtedness.

On June 19, 2020, Carrier issued $750 million of unsecured, unsubordinated 2.700% Notes due in 2031. These notes rank equally with our other unsecured, unsubordinated obligations. We used the net proceeds from the sale of such notes, which further enhanced our liquidity and financial flexibility during the ongoing COVID-19 pandemic, for general corporate purposes.

As of December 31, 2020, we have a $2.0 billion unsecured, unsubordinated commercial paper program which we plan to use for general corporate purposes, including the funding of working capital and potential acquisitions. As of December 31, 2020, there were no borrowings outstanding under the commercial paper program.

Interest payments related to indebtedness are expected to approximate $291 million per year, reflecting an approximate weighted-average interest rate of 2.8%.

Share Repurchase Program

On February 4, 2021 the Company's Board of Directors approved a stock repurchase program authorizing the repurchase of up to $350 million of the Company's outstanding common stock. Share repurchases may take place from time to time, subject to market conditions and at the Company's discretion in the open market or through one or more other public or private transactions.

Other

The funded status of our defined benefit pension plans is dependent upon many factors, including returns on invested assets, the level of market interest rates and actuarial mortality and other assumptions. We can contribute cash subject to applicable regulations. As of December 31, 2020, our qualified domestic defined benefit pension plans are approximately 109% funded on a projected benefit obligation basis, and we are not required to make additional contributions through the end of 2022. We expect to make total contributions of approximately $28 million to our global defined benefit pension plans in 2021. Contributions to our global defined benefit pension plans in 2021 are expected to meet or exceed the current funding requirements.

Cash Flows

	For the Year Ended December 31,		
(dollars in millions)	**2020**	**2019**	**2018**
Cash provided by (used in):			
Operating activities	$ 1,692	$ 2,063	$ 2,055
Investing activities	1,106	(259)	415
Financing activities	(681)	(1,982)	(2,627)
Effect of foreign exchange rate changes on cash and cash equivalents	45	1	(39)
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ 2,162**	**$ (177)**	**$ (196)**

Cash Flows - 2020 Compared with 2019

Cash provided by operating activities was $1.7 billion for the year ended December 31, 2020 compared with $2.1 billion for the year ended December 31, 2019. The $371 million year-over-year decrease in cash provided by operating activities was attributed to lower net income from operations, net of non-cash adjustments, partially offset by $446 million in cash provided from working capital due to the timing of vendor payments and income taxes.

Net cash provided by investing activities increased $1.4 billion in the year ended December 31, 2020 compared with the year ended December 31, 2019 due to the receipt of $1.4 billion from the sale of our equity ownership in Beijer.

Net cash used in financing activities decreased $1.3 billion in the year ended December 31, 2020 compared with the year ended December 31, 2019. Net transfers to UTC increased $8.4 billion due to the Separation and were funded by the issuance of $11.0 billion in long-term debt of which the $1.75 billion Term Loan Credit Facility was prepaid in the three months ended December 31, 2020. On June 19, 2020 Carrier issued $750 million in Notes due 2031 to enhance financial flexibility during COVID-19.

Cash Flows - 2019 Compared with 2018

Cash provided by operating activities was $2.1 billion for the year ended December 31, 2019 which was consistent with the $2.1 billion provided by operating activities in the year ended December 31, 2018.

Net cash used in investing activities decreased $674 million in the year ended December 31, 2019 compared with the year ended December 31, 2018 due to the absence of $1.0 billion in proceeds received from the 2018 sale of Taylor, partially offset by a $310 million decrease in cash outflows for acquisitions.

Prior to the Separation our financing activities primarily related to net transfers to UTC. Net cash used in financing activities decreased $645 million in the year ended December 31, 2019 compared with the year ended December 31, 2018 primarily due to a decrease in net transfers to UTC.

Off-Balance Sheet Arrangements and Contractual Obligations

We extend a variety of financial guarantees to third parties in support of our business. We also have obligations arising from environmental, health and safety, tax and employment matters. Circumstances that could cause the contingent obligations and liabilities arising from these arrangements to come to fruition include changes in an underlying transaction, non-performance under a contract or deterioration in the financial condition of the guaranteed party.

A summary of our contractual obligations and commitments as of December 31, 2020 is as follows:

(dollars in millions)	**Total**	**2021**	**2022-2023**	**2024-2025**	**Thereafter**
Operating leases	$ 939	$ 180	$ 279	$ 182	$ 298
Purchase Obligations	1,437	1,186	213	36	2
Long-term debt - principal	10,308	190	618	2,000	7,500
Interest on long-term debt	4,174	292	566	507	2,809
Obligations to UTC under TMA	453	—	70	208	175
Other long-term liabilities	1,223	255	254	158	556
Total contractual obligations	**$ 18,534**	**$ 2,103**	**$ 2,000**	**$ 3,091**	**$ 11,340**

Operating leases include amounts related to future contractual payments on our leases for land and buildings, vehicles and machinery and equipment.

Purchase obligations include amounts committed for the purchase of goods and services under legally enforceable contracts or purchase orders. Where it is not practically feasible to determine the legally enforceable portion of our obligation under certain of our long-term purchase agreements, we include additional expected purchase obligations beyond what may be legally enforceable.

Long-term debt includes current maturities, financing leases and obligations under project financing arrangements. See Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements.

Other long-term liabilities include liabilities representing obligations under product service and warranty policies, estimated environmental remediation costs and expected contributions and liabilities under employee benefit programs. The timing of expected cash flows associated with these obligations is based upon management’s estimates over the terms of these agreements and is largely based upon historical experience.

Obligations to UTC under the TMA include Carrier’s obligations to pay $453 million to UTC resulting from the TCJA's mandatory transition tax attributable to Carrier. This amount will be settled with UTC in five future payments, the next of which is scheduled in April 2022. See Note 19 - *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements for additional information.

The previous table excludes the following:

- Unrecognized tax benefits of $162 million that have not been recognized in the Company's Consolidated Financial Statements. It is uncertain if or when these previously claimed tax benefits could become payable if challenged by a taxing authority. See Note 19 – *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements for additional discussion on unrecognized tax benefits.
- The Company is self-insured for workers' compensation, general liability and group healthcare benefits. The Company's self-insurance reserve totaled $249 million and $239 million as of December 31, 2020 and 2019, respectively. Self-insurance liabilities are based on estimates and actuarial assumptions. The amount and timing of payments can fluctuate and for this reason, they are not included in the previous table.
- The Company's obligations under defined pension plans are based on estimates and actuarial assumptions that can fluctuate in amount and timing and for this reason, only contributions expected in 2021 are included in the previous table.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk and Risk Management

Carrier is exposed to fluctuations in foreign currency exchange rates, interest rates and commodity prices. To manage certain of those exposures, we primarily use foreign currency forward contracts, swaps and options. These hedging activities provide limited protection against currency exchange and credit risks. Factors that could influence the effectiveness of these hedging programs include currency markets, the availability of hedging instruments and the liquidity of the credit markets. There has been no significant change in our exposure to market risk for the year ended December 31, 2020.

Foreign Currency Exposures

We transact business in various foreign currencies, which exposes our cash flows and earnings to changes in foreign currency exchange rates. These exposures include the translation of local currency balances of foreign subsidiaries, remeasurement of assets and liabilities denominated in foreign currencies and other transactions involving foreign currencies. We attempt to manage foreign currency transaction exposures through operational strategies and the use of foreign currency hedging contracts. While the objective of our hedging program is to minimize the foreign currency exchange impact on operating results, there may be variances between the gains and losses resulting from the hedging contracts and the underlying exposure because of the length of certain hedging contracts. Carrier does not enter into hedging contracts for speculative purposes.

Commodity Price Exposures

We are exposed to volatility in the prices of raw materials used in some of our products, and from time to time we may use forward contracts in limited circumstances to manage some of those exposures. In the future, if hedges are utilized, gains and losses may affect earnings. There were no outstanding hedge derivatives as of December 31, 2020.

Interest Rate Exposures

Our long-term debt consists mostly of fixed-rate instruments. We may issue commercial paper, which exposes us to changes in interest rates. Currently, we do not hold any derivative contracts that hedge our interest rate exposures, but may consider such strategies in the future.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareowners of Carrier Global Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Carrier Global Corporation and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2020 appearing after Item 16 and signatures page (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment – One Reporting Unit where the Excess of Fair Value over Carrying Value Was Approximately 13% at the Assessment Date

As described in Notes 3 and 10 to the consolidated financial statements, the Company's total goodwill balance was $10.1 billion as of December 31, 2020 and the goodwill associated with one reporting unit where the excess of fair value over carrying value was approximately 13% at the assessment date was $917 million. Goodwill is tested annually for impairment as of July 1, or when a triggering event occurs that indicates the fair value of the reporting unit may have decreased below the

carrying value. If the carrying value of the reporting unit exceeds its estimated fair value, management records an impairment based on the difference between fair value and carrying value, not to exceed the total amount of goodwill allocated to the reporting unit. Management utilizes the discounted cash flow method under the income approach to estimate the fair value of the reporting units. The significant assumptions related to projected net sales, projected operating margins, working capital, capital expenditures, income tax rate, long-term growth rate and the discount rate.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the one reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the reporting unit, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to projected net sales, projected operating margins, long-term growth rate and the discount rate, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing management's process for developing the fair value measurement of the reporting unit; (ii) evaluating the appropriateness of the discounted cash flow method, (iii) testing the completeness and accuracy of underlying data used in the method, and (iv) evaluating the reasonableness of the significant assumptions used by management related to projected net sales, projected operating margins, long-term growth rate and the discount rate. Evaluating management's assumptions related to projected net sales and projected operating margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of management's discounted cash flow method and management's significant assumptions related to the long-term growth rate and the discount rate.

/s/ PricewaterhouseCoopers LLP
Hallandale Beach, Florida
February 9, 2021

We have served as the Company's auditor since 2019.

CARRIER GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(dollars in millions, except per share amounts; shares in millions)	For the Year Ended December 31, 2020	2019	2018
Net sales			
Product sales (Note 6)	$ 14,347	$ 15,360	$ 15,674
Service sales	3,109	3,248	3,240
	17,456	18,608	18,914
Costs and expenses			
Cost of products sold (Note 6)	10,185	10,890	11,063
Cost of services sold	2,162	2,299	2,282
Research and development	419	401	400
Selling, general and administrative	2,820	2,761	2,689
	15,586	16,351	16,434
Equity method investment net earnings	207	236	220
Other income (expense), net	1,006	(2)	937
Operating profit	3,083	2,491	3,637
Non-service pension benefit	60	154	168
Interest (expense) income, net	(288)	27	37
Income from operations before income taxes	2,855	2,672	3,842
Income tax expense	849	517	1,073
Net income from operations	2,006	2,155	2,769
Less: Non-controlling interest in subsidiaries' earnings from operations	24	39	35
Net income attributable to common shareowners	**$ 1,982**	**$ 2,116**	**$ 2,734**
Earnings per share (Note 4)			
Basic	$ 2.29	$ 2.44	$ 3.16
Diluted	$ 2.25	$ 2.44	$ 3.16
Weighted-average number of shares outstanding (Note 4)			
Basic	866.5	866.2	866.2
Diluted	880.2	866.2	866.2

The accompanying notes are an integral part of the Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(dollars in millions)	**For the Year Ended December 31, 2020**	**2019**	**2018**
Net income from operations	$ 2,006	$ 2,155	$ 2,769
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments arising during period	604	48	(449)
Less: reclassification adjustments for gain on sale of an investment in a foreign entity recognized in Other income (expense), net	—	2	—
	604	50	(449)
Pension and post-retirement benefit plans:			
Net actuarial loss arising during period	(94)	(112)	(221)
Prior service cost arising during period	—	—	(9)
Amortization of actuarial loss and prior service credit	24	11	17
Other	(35)	3	21
	(105)	(98)	(192)
Tax benefit	22	15	33
	(83)	(83)	(159)
Change in unrealized cash flow hedging:			
Loss reclassified into Product sales	—	—	2
	—	—	2
Other comprehensive income (loss), net of tax	521	(33)	(606)
Comprehensive income	2,527	2,122	2,163
Less: Comprehensive income attributable to non-controlling interest	(37)	(35)	(27)
Comprehensive income attributable to common shareowners	**$ 2,490**	**$ 2,087**	**$ 2,136**

The accompanying notes are an integral part of the Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(dollars in millions)	As of December 31, 2020	2019
Assets		
Cash and cash equivalents	$ 3,115	$ 952
Accounts receivable, net (Note 6)	2,781	2,726
Contract assets, current	656	622
Inventories, net	1,629	1,332
Other assets, current	343	327
Total current assets	8,524	5,959
Future income tax benefits	449	500
Fixed assets, net	1,810	1,663
Operating lease right-of-use assets	788	832
Intangible assets, net	1,037	1,083
Goodwill	10,139	9,884
Pension and post-retirement assets	554	490
Equity method investments	1,513	1,739
Other assets	279	256
Total Assets	**$ 25,093**	**$ 22,406**
Liabilities and Equity		
Accounts payable (Note 6)	$ 1,936	$ 1,701
Accrued liabilities (Note 6)	2,471	2,088
Contract liabilities, current	512	443
Current portion of long-term debt	191	237
Total current liabilities	5,110	4,469
Long-term debt	10,036	82
Future pension and post-retirement obligations	524	456
Future income tax obligations (Note 6 and Note 19)	479	1,099
Operating lease liabilities	642	682
Other long-term liabilities (Note 6)	1,724	1,183
Total Liabilities	18,515	7,971
Commitments and contingent liabilities (Note 25)		
Equity		
UTC Net investment	—	15,355
Common stock, par value $0.01; 4,000,000,000 shares authorized; 867,829,119 shares issued and outstanding as of December 31, 2020	9	—
Additional paid-in capital	5,345	—
Retained earnings	1,643	—
Accumulated other comprehensive loss	(745)	(1,253)
Non-controlling interest	326	333
Total Equity	6,578	14,435
Total Liabilities and Equity	**$ 25,093**	**$ 22,406**

The accompanying notes are an integral part of the Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(dollars in millions)	UTC Net Investment	Accumulated Other Comprehensive (Loss) Income	Common Stock	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity
Balance at January 1, 2018	$ 15,030	$ (617)	$ —	$ —	$ —	$ 371	$ 14,784
Net income	2,734	—	—	—	—	35	2,769
Other comprehensive loss, net of tax	—	(598)	—	—	—	(8)	(606)
Dividends attributable to non-controlling interest	—	—	—	—	—	(46)	(46)
Net transfers to UTC	(2,641)	—	—	—	—	—	(2,641)
Adoption impact of ASU 2016-16	9	—	—	—	—	—	9
Balance as of December 31, 2018	15,132	(1,215)	—	—	—	352	14,269
Net income	2,116	—	—	—	—	39	2,155
Other comprehensive loss, net of tax	—	(29)	—	—	—	(4)	(33)
Dividends attributable to non-controlling interest	—	—	—	—	—	(28)	(28)
Disposition of non-controlling interest	—	—	—	—	—	(26)	(26)
Net transfers to UTC	(1,902)	—	—	—	—	—	(1,902)
Adoption impact of ASU 2018-02	9	(9)	—	—	—	—	—
Balance as of December 31, 2019	15,355	(1,253)	—	—	—	333	14,435
Net income	96	—	—	—	1,886	24	2,006
Other comprehensive income, net of tax	—	508	—	—	—	13	521
Dividends declared on Common Stock ($0.28 per share)	—	—	—	—	(243)	—	(243)
Common stock issued under employee plans	—	—	—	62	—	—	62
Dividends attributable to non-controlling interest	—	—	—	—	—	(48)	(48)
Capital contribution to non-controlling interest	—	—	—	—	—	4	4
Adoption impact of ASU 2016-13	(4)	—	—	—	—	—	(4)
Net transfers from UTC	859	—	—	—	—	—	859
Net transfers to UTC	(11,014)	—	—	—	—	—	(11,014)
Reclassification of UTC Net Investment to Common stock and Additional paid-in capital	(5,292)	—	9	5,283	—	—	—
Balance as of December 31, 2020	**$ —**	**$ (745)**	**$ 9**	**$ 5,345**	**$ 1,643**	**$ 326**	**$ 6,578**

The accompanying notes are an integral part of the Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(dollars in millions)	**For the Year Ended December 31, 2020**	**2019**	**2018**
Operating Activities			
Net income from operations	$ 2,006	$ 2,155	$ 2,769
Adjustments to reconcile net income from operations to net cash flows provided by operating activities, net of acquisitions and dispositions			
Depreciation and amortization	336	335	357
Deferred income tax provision	97	(122)	133
Equity compensation cost	77	52	44
Equity method investment net earnings	(207)	(236)	(220)
Distributions from equity method investments	169	158	143
Impairment charge on minority-owned joint venture investments	72	108	—
Gains on sale of investments and businesses	(1,123)	—	(799)
Changes in operating assets and liabilities			
Accounts receivable, net	49	(129)	(211)
Contract assets, current	(9)	23	(67)
Inventories, net	(240)	(2)	(151)
Other assets, current	3	62	(7)
Accounts payable and accrued liabilities	237	(296)	88
Contract liabilities, current	46	(18)	24
Defined benefit plan contributions	(41)	(36)	(45)
Other operating activities, net	220	9	(3)
Net cash flows provided by operating activities	1,692	2,063	2,055
Investing Activities			
Capital expenditures	(312)	(243)	(263)
Proceeds on sale of investments and businesses	1,377	6	1,032
Investment in businesses, net of cash acquired	—	—	(310)
Receipt from settlement of derivative contracts	40	—	—
Other investing activities, net	1	(22)	(44)
Net cash flows provided by (used in) investing activities	1,106	(259)	415
Financing Activities			
(Decrease) increase in short-term borrowings, net	(23)	25	3
Issuance of long-term debt	11,784	107	117
Repayment of long-term debt	(1,911)	(138)	—
Dividends paid on common stock	(138)	—	—
Dividends paid to non-controlling interest	(48)	(28)	(46)
Net transfers to UTC	(10,359)	(1,954)	(2,685)
Other financing activities, net	14	6	(16)
Net cash flows used in financing activities	(681)	(1,982)	(2,627)
Effect of foreign exchange rate changes on cash and cash equivalents	45	1	(39)
Net increase (decrease) in cash and cash equivalents and restricted cash	2,162	(177)	(196)
Cash, cash equivalents and restricted cash, beginning of period	957	1,134	1,330
Cash, cash equivalents and restricted cash, end of period	3,119	957	1,134
Less: restricted cash	4	5	5
Cash and cash equivalents, end of period	**$ 3,115**	**$ 952**	**$ 1,129**

The accompanying notes are an integral part of the Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF THE BUSINESS

Carrier Global Corporation is a leading global provider of HVAC, refrigeration, and fire and security solutions. Carrier also provides a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring.

Carrier's operations are classified into three segments: HVAC, Refrigeration and Fire & Security. The HVAC and Refrigeration segments sell their products and solutions directly, including to building contractors and owners, transportation companies and retail stores, or indirectly through joint venture and other minority-owned investments, independent sales representatives, distributors, wholesalers, dealers and retail outlets. These products and services are sold under the Carrier name and other brand names including Automated Logic, BluEdge, Bryant, CIAT, Day & Night, Heil, NORESCO, Riello, Carrier Commercial Refrigeration, Carrier Transicold, Sensitech and others. The Fire & Security segment sells their products directly to customers, or indirectly through manufacturers' representatives, distributors, dealers, value-added resellers and retailers. Fire & Security's products and services are used by governments, financial institutions, architects, building owners and developers, security and fire consultants, homeowners and other end-users requiring a high level of security and fire protection for their businesses and residences. These products and services are sold under brand names including Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Kidde, LenelS2, Marioff, Onity, Supra and others.

The Separation

On November 26, 2018, UTC announced its intention to spin off Carrier, into a separate, publicly traded company. Carrier was incorporated in Delaware on March 19, 2019, as a wholly-owned subsidiary of UTC. On April 3, 2020, UTC completed the Separation through a pro rata distribution on a one-for-one basis of all of the outstanding common stock of the Company to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the Distribution. UTC distributed 866,158,910 shares of Carrier common stock in the Distribution, which was effective at 12:01 a.m., Eastern Time, on April 3, 2020. As a result of the Distribution, Carrier became an independent public company and our common stock is listed under the symbol "CARR" on the NYSE. In connection with the Separation, Carrier issued an aggregate principal balance of $11.0 billion of debt and transferred approximately $10.9 billion of cash to UTC on February 27, 2020 and March 27, 2020. On April 1, 2020 and April 2, 2020, Carrier received cash contributions totaling $590 million from UTC related to the Separation. See Note 12 – *Borrowings and Lines of Credit* and Note 4 – *Earnings Per Share* for additional information.

In connection with the Separation and the Distribution, Carrier entered into several agreements with UTC and Otis, including a separation and distribution agreement that sets forth certain agreements with UTC and Otis regarding the principal actions to be taken in connection with the Separation and the Distribution, including identifying the assets transferred, the liabilities assumed and the contracts transferred to each of UTC, Otis and Carrier as part of the Separation and the Distribution, and when and how these transfers and assumptions occurred. Other agreements we entered into that govern aspects of our relationship with UTC and Otis following the Separation and the Distribution include:

Transition Services Agreement. We entered into the TSA with UTC and Otis in connection with the Separation pursuant to which UTC provides us with certain services and we provide certain services to UTC for a limited time to help ensure an orderly transition following the Separation and the Distribution. The services we receive include, but are not limited to, information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services. The costs for these services historically were included in our operating results based on allocations from UTC and for the year ended December 31, 2020 were not materially different under the TSA from such costs historically. We do not expect any such costs to be materially different when these services are completely transitioned from UTC to Carrier.

Tax Matters Agreement. We entered into the TMA with UTC and Otis that governs the parties' respective rights, responsibilities and obligations with respect to tax matters (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters). Subject to certain exceptions set forth in the TMA, Carrier generally is responsible for federal, state and foreign taxes imposed on a separate return basis upon Carrier (or any of our subsidiaries) with respect to taxable periods (or portions thereof) that ended on or prior to the date of the Distribution. The TMA provides special rules that allocate responsibility for tax liabilities arising from a failure of the Separation transactions to qualify for tax-free treatment based on the reasons for such failure. The TMA also imposes restrictions on each of Carrier and Otis during the two-year period following the Distribution that are intended to prevent certain transactions from failing to qualify as transactions that are generally tax-free.

Employee Matters Agreement and Intellectual Property Agreement. We entered into an employee matters agreement and intellectual property agreement with UTC and Otis in connection with the Separation.

Impact of the COVID-19 Pandemic

COVID-19 surfaced in late 2019 and has spread throughout the world. In March 2020, COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. Government. The pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, resulted in significant travel restrictions, mandated facility closures and resulted in shelter-in-place orders.

Carrier has taken and continues to take all prudent measures to protect the health and safety of our employees. In particular, we have implemented work-from-home requirements (where practical), social distancing and deep cleaning protocols at all of our facilities as well as travel restrictions, among other measures, which comply with applicable government regulations and guidance. We have also taken appropriate measures to work with our customers to minimize potential disruptions and to support the communities that we serve to address the challenges posed by the pandemic.

The full extent of the impact of COVID-19 on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic as well as any worsening or additional outbreaks of the pandemic, related containment and mitigation actions taken by the U.S. federal, state and local and international governments to prevent disease spread and the rollout of vaccines in the U.S. and internationally, including the effectiveness of such vaccines in preventing COVID-19 and the time it takes to vaccinate a sufficient percentage of the U.S. and global populations. The extent of the pandemic's impact on Carrier will also depend upon our employees' ability to work safely in our facilities and to be granted access to vaccines (including the time it takes for our employees to be vaccinated), our customers' ability to continue to operate or to receive our products, our suppliers' ability to continue to supply us with products, and the level of activity and demand for the ultimate products and services of our customers or their customers.

In early 2020, we temporarily closed or reduced production at manufacturing facilities in North America, Asia and Europe for safety reasons and in response to lower demand for our products. Our manufacturing operations have since resumed, measures have been enacted to scale capacity to demand and we continue to actively take steps to mitigate supply chain risk. We continue to apply appropriate safety measures and have not experienced any significant disruptions to our manufacturing operations. We also initiated return-to-work protocols at our non-manufacturing facilities where employees were previously working remotely.

We took preemptive actions in 2020 to preserve our liquidity and manage our cash flows to ensure we met our liquidity needs. Such actions included, but were not limited to, modifying the financial covenants in our revolving and term loan credit agreements and issuing $750 million of 2.700% Notes due 2031 (see Note 12 – *Borrowings and Lines of Credit* for additional information), reducing our discretionary spending, our capital investments and general and administrative costs by implementing pay freezes and cuts, employee furloughs and the suspension of non-critical hiring and participating in global COVID-19 relief measures.

NOTE 2: BASIS OF PRESENTATION

The Consolidated Financial Statements have been prepared in accordance with GAAP and the accounting rules under Regulation S-X, as promulgated by the SEC.

The Consolidated Financial Statements include the accounts of the Company and our wholly-owned and controlled majority-owned subsidiaries. All intra-company accounts and transactions have been eliminated. Related party transactions between the Company and our equity method investees have not been eliminated. Non-controlling interest represents the non-controlling investors' interests in the results of subsidiaries that we control and consolidate.

The Company's financial statements for periods prior to the Separation and the Distribution are prepared on a "carve-out" basis, as described subsequently. The Company's financial statements for the period commencing April 3, 2020 are consolidated based on the reported results of Carrier as a stand-alone company.

Certain immaterial amounts presented have been reclassified to conform to the current period presentation, including the reclassification of the Current portion of long-term debt from Accrued liabilities and the reclassification of long-term debt from Other long-term liabilities for 2019 on the Consolidated Balance Sheet.

Basis of Presentation Prior to the Separation and the Distribution

Prior to the Separation and the Distribution, the Consolidated Financial Statements reflect the financial position, results of operations and cash flows of the Company for the periods presented as historically managed within UTC. For those periods prior to the Separation and the Distribution, the Consolidated Financial Statements are derived from the consolidated financial statements and accounting records of UTC.

The Consolidated Statement of Operations includes all revenues and costs directly attributable to Carrier, including costs for facilities, functions and services used by Carrier. Costs for certain functions and services performed by UTC were directly charged to Carrier based on specific identification when possible or based on a reasonable allocation driver such as net sales, headcount, proportionate usage or other allocation methods. The results of operations include allocations of costs for administrative functions and services performed on behalf of Carrier by centralized groups within UTC and certain pension and other post-retirement benefit costs. See Note 6 – *Equity Method Investments and Related Parties* for a description of the allocation methodologies. All charges and allocations for facilities, functions and services performed by UTC have been deemed settled in cash by Carrier to UTC in the period in which the cost was recorded in the Consolidated Statement of Operations.

UTC used a centralized approach to cash management and financing its operations. Accordingly, none of the cash, third-party debt or related interest expense of UTC has been allocated to Carrier in the Consolidated Financial Statements for the periods prior to the Separation and the Distribution. However, cash balances primarily associated with certain foreign entities that did not participate in UTC's cash management program have been included in the Consolidated Financial Statements for periods prior to the Separation and the Distribution. Transactions between UTC and Carrier were deemed settled immediately through UTC's Net investment, other than those transactions which have historically been cash-settled and which are reflected in the Consolidated Balance Sheet within Accounts receivable, net and Accounts payable. The net effect of the deemed settled transactions is reflected in the Consolidated Statement of Cash Flows as Net transfers to UTC within financing activities and in the Consolidated Balance Sheet as UTC's Net investment. See Note 6 – *Equity Method Investments and Related Parties* for additional information.

All of the allocations and estimates in the Consolidated Financial Statements are based on assumptions that management believes are reasonable. However, for the periods prior to the Separation and the Distribution, the Consolidated Financial Statements included herein may not be indicative of the financial position, results of operations and cash flows of the Company in the future, or if the Company had been a separate, stand-alone entity during the periods presented.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation. The Consolidated Financial Statements have been prepared on a stand-alone basis and include the accounts of Carrier and our wholly-owned subsidiaries, as well as entities in which Carrier has a controlling financial interest.

Use of Estimates. The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions may impact the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents include cash on hand, demand deposits and short-term cash investments that are highly liquid in nature and have original maturities of three months or less. Prior to the Separation and the Distribution, the Company participated in UTC's centralized cash management and financing programs. See Note 6 – *Equity Method Investments and Related Parties* for additional information.

On occasion, the Company is required to maintain restricted cash deposits with certain banks due to contractual or other legal obligations. Restricted cash of $4 million and $4 million is included in Other assets, current as of December 31, 2020 and 2019, respectively, and $1 million is included in Other assets as of December 31, 2019, on the Consolidated Balance Sheet.

Accounts Receivable. Accounts receivable consist of billed amounts to customers that have not been paid.

Receivables are recognized net of an allowance for credit losses. The Company is exposed to credit losses primarily through the sales of products and services to commercial customers, which are recorded as trade receivables. We evaluate a customer's ability to pay by assessing creditworthiness, historical experience and current and projected economic and market conditions. We determine credit ratings for each customer in our portfolio based upon public information and information obtained directly from our customers. We evaluate the reasonableness of the allowance for credit losses on a quarterly basis or when events and circumstances warrant. In addition to credit quality indicators, factors considered in our evaluation of collectability include the underlying value of any collateral or security interests, past due balances, historical losses and existing economic conditions including country and political risk. In certain circumstances, we may require collateral or prepayment to mitigate credit risk. We determine receivables are impaired when, based on historical experience, current information and events and a reasonable forecast period, we may be unable to collect amounts due according to the contractual terms of an agreement. Estimated credit losses are written off in the period in which an accounts receivable is determined to be no longer collectible.

Contract Assets and Liabilities. Contract assets and liabilities represent the difference in the timing of revenue recognition from receipt of cash from our customers. Contract assets (unbilled receivables) reflect revenue recognized and performance obligations satisfied in advance of customer billing. Performance obligations partially satisfied in advance of customer billings are included in Contract assets.

Contract liabilities relate to payments received in advance of the satisfaction of performance obligations under a contract. The Company receives payments from customers based on contractual terms. See Note 5 – *Revenue Recognition* for additional information.

Inventories. Inventories are stated at the lower of cost or estimated realizable value. Cost is primarily determined based on the first-in, first-out inventory method ("FIFO") or average cost methods, which approximates current replacement cost; however, certain Carrier entities use the last-in, first-out inventory method ("LIFO"). If inventories that were valued using the LIFO method had been valued under the FIFO method, the net book value of the inventories would have been higher by $118 million and $120 million as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, approximately 33% and 32%, respectively, of all inventory utilized the LIFO method.

We forecast future customer demand and production requirements and analyze historical usage rates for our products to estimate excess and obsolete inventory reserves.

Financial Instruments. We use derivative financial instruments in the form of foreign currency forward contracts to manage certain foreign currency risk. Derivative financial instruments are recognized as either assets or liabilities at fair value and changes in fair value are reported directly in earnings. Derivative instruments are not used for trading or speculative

purposes. A portion of our Cash and cash equivalents is invested in money market mutual funds with original maturities of three months or less.

Fair Value of Financial Instruments. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I – Quoted prices for identical instruments in active markets.
- Level II – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III – Instruments whose significant value drivers are unobservable.

The carrying amount of accounts receivable, accounts payable and accrued liabilities approximates fair value due to the short maturity (less than one year) of the instruments.

Equity Method Investments. Investments in which Carrier has the ability to exercise significant influence, but does not control, are accounted for under the equity method of accounting and are presented on the Consolidated Balance Sheet. Under this method of accounting, the Company's share of the net earnings or losses of the investee is presented within Operating profit on the Consolidated Statement of Operations since the activities of the investee are closely aligned with the operations of the Company. The Company evaluates our equity method investments whenever events or changes in circumstance indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period. Distributions received from equity method investees are presented in the Consolidated Statement of Cash Flows based on the cumulative earnings approach.

Goodwill and Intangible Assets. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill and intangible assets deemed to have indefinite lives are not amortized.

Intangible assets consist of trademarks, patents, service contracts, monitoring lines and customer relationships and are recognized at fair value in acquisition accounting and then amortized to cost of sales and selling, general and administrative expenses.

Goodwill and indefinite-lived intangible assets are tested annually for impairment, or when a triggering event occurs that indicates the fair value of a reporting unit or asset may have decreased below the carrying value in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350: *Intangibles – Goodwill and Other*. The impairment assessment compares the estimated fair value of each reporting unit or indefinite-lived trademark to its associated carrying value. If the carrying value of the reporting unit or trademark exceeds its estimated fair value, then we record an impairment based on the difference between fair value and carrying value. In the case of reporting units, any impairment loss would not exceed the associated carrying value of goodwill.

We performed our annual impairment assessment of goodwill and indefinite-lived trademarks as of July 1, 2020. For our goodwill impairment analysis, we utilize a discounted cash flow method under the income approach to estimate the fair value of our reporting units. The discounted cash flow method relies on estimates of future cash flows and expressly addressed factors such as timing, growth and margins, with consideration given to forecasting risk. We developed these assumptions based on market and geographic risks unique to each reporting unit. The significant assumptions inherent in estimating the fair values include estimated future annual net cash flows for each reporting unit (based on projected net sales, projected operating margins, working capital and capital expenditures), income tax rates, long-term growth rates and discount rates. For our indefinite-lived assets, fair value is determined on a relief from royalty methodology, which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning an asset. Additionally, as part of our annual impairment testing in 2020, we considered the impact of the adverse effects of COVID-19 on the global economy and on our business.

Useful lives of finite-lived intangible assets are estimated based upon the nature of the intangible asset. These intangible assets are amortized based on the pattern in which the economic benefits of the intangible assets are consumed. If a pattern of

economic benefit cannot be reliably determined or if straight-line amortization approximates the pattern of economic benefit, a straight-line amortization method may be used.

See Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* for additional information.

Leases. We account for leases in accordance with ASC Topic 842: *Leases*, which requires a lessee to utilize the right-of-use model and to record a right-of-use asset and a lease liability on the Consolidated Balance Sheet for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the Consolidated Statement of Operations. In addition, a lessor is required to classify leases as either sales-type, financing or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor does not convey risk and rewards or control, the lease is treated as operating.

We enter into operating and finance leases for the use of real estate space, vehicles, information technology equipment and certain other equipment. We determine if an arrangement contains a lease at the inception of an agreement. Operating leases are included in Operating lease right-of-use assets, Accrued liabilities and Operating lease liabilities in our Consolidated Balance Sheet. Finance leases are included in the Current portion of long-term debt and Long-term debt in our Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term. Lease right-of-use assets and liabilities at commencement are initially measured at the present value of lease payments over the lease term. We generally use our incremental borrowing rate based on the information available at commencement to determine the present value of lease payments except when an implicit interest rate is readily determinable. We determine our incremental borrowing rate based on market sources including relevant industry data. Our lease right-of-use assets include any lease prepayment and exclude lease incentives. Our leases generally have remaining lease terms of 1 to 20 years, some of which include options to extend. For the majority of our leases with options to extend, those options are up to 5 years with the ability to terminate the lease within 1 to 5 years of inception. The exercise of lease renewal options is at our sole discretion and our lease right-of-use assets and liabilities reflect only the options we are reasonably certain that we will exercise. Operating lease expense is recognized on a straight-line basis over the lease term.

Other Long-Lived Assets. The Company evaluates the potential impairment of other long-lived assets whenever events or changes in circumstances indicate that the related carrying amounts of a long-lived asset or asset group may not be recoverable. The carrying value of a long-lived asset or asset group is considered impaired when the projected future undiscounted cash flows to be generated from the asset or asset group over its remaining depreciable life are less than its current carrying value. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset or asset group. There were no significant impairments of long-lived assets for the years ended December 31, 2020, 2019 or 2018.

Income Taxes. Prior to the Separation and the Distribution, income taxes as presented in the Consolidated Financial Statements of the Company attribute current and deferred income taxes of UTC to the Company's financial statements in a manner that is systematic, rational and consistent with the asset and liability method prescribed by FASB ASC Topic 740: *Income Taxes*. Accordingly, Carrier's income tax provision was prepared following the separate return method prior to the Separation and the Distribution. The separate return method applies ASC 740 to the financial statements of each member of the consolidated group as if the group members were separate taxpayers. The calculation of our income taxes on a separate return basis requires a considerable amount of judgment and use of both estimates and allocations. As a result, actual transactions included in the consolidated financial statements of UTC may not be included in Carrier's Consolidated Financial Statements. Similarly, the tax treatment of certain items reflected in Carrier's Consolidated Financial Statements may not be reflected in the consolidated financial statements and tax returns of UTC. Therefore, such items as net operating losses, tax credit carry-forwards and valuation allowances may exist in Carrier's financial statements that may or may not exist in UTC's consolidated financial statements. As such, the income taxes of the Company as presented in the Consolidated Financial Statements before the Separation and the Distribution may not be indicative of the income taxes that the Company will generate in the future.

Prior to the Separation and the Distribution, certain operations of the Company have historically been included in a consolidated return with other UTC entities. Current obligations for taxes in certain jurisdictions, where the Company files a consolidated tax return with UTC, were deemed settled with UTC for purposes of the Consolidated Financial Statements. Current tax obligations in jurisdictions where the Company does not file a consolidated return with UTC, including certain foreign jurisdictions and certain U.S. states, are recorded as accrued liabilities.

After the Separation and the Distribution, the Company's income taxes were accounted for on a stand-alone basis. As a result, our deferred tax balances and effective tax rate as a stand-alone entity are significantly different from those recognized historically for periods prior to the Separation and the Distribution. Carrier will file our own consolidated U.S. federal and state income tax returns for the period subsequent to the Separation and the Distribution, April 3, 2020 through December 31, 2020, and any required filings for non-U.S. jurisdictions based on the applicable tax year in each jurisdiction. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Consolidated Financial Statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Changes in existing tax laws and rates, their related interpretations, and the uncertainty generated by the current economic environment may affect the amounts of deferred tax liabilities or the valuations of deferred tax assets over time. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event that we determine that we would be able to realize our deferred income tax assets in the future in excess of the net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which impacts the provision for income taxes.

In the ordinary course of business, there is inherent uncertainty in quantifying income tax positions. The Company assesses our income tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, Carrier has recorded the amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit has been recognized. Where applicable, associated interest expense has also been recognized. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense. Penalties, if incurred, would be recognized as a component of income tax expense. See Note 19 – *Income Taxes* for further information.

The TCJA subjects Carrier to a tax on global intangible low-taxed income ("GILTI"). GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations which the Company has elected to account for as a period cost.

Revenue Recognition. The Company accounts for revenue in accordance with FASB ASC Topic 606: *Revenue from Contracts with Customers*. Under Topic 606, a performance obligation is a promise in a contract to transfer a distinct good or service to a customer. Some of our contracts with customers contain a single performance obligation, while others contain multiple performance obligations most commonly when a contract spans multiple phases of a product life-cycle such as production, installation, maintenance and support. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. When there are multiple performance obligations within a contract, the Company allocates the transaction price to each performance obligation based on our relative stand-alone selling price.

Carrier considers the contractual consideration payable by the customer and assesses variable consideration that may affect the total transaction price, including contractual discounts, price concessions, contract incentive payments, estimates of award fees and other sources of variable consideration, when determining the transaction price of each contract. The Company includes variable consideration in the estimated transaction price when there is a basis to reasonably estimate the amount. These estimates are based on historical experience, anticipated performance and management's judgment. The Company also considers whether the contracts provide customers with significant financing. Generally, contracts do not contain significant financing.

*Point in time revenue recognition***.** Performance obligations are satisfied as of a point in time for certain businesses in HVAC, certain refrigeration systems and certain alarm and fire detection and suppression systems. Revenue is recognized when control of the product transfers to the customer, generally upon product shipment.

*Over-time revenue recognition***.** Performance obligations are satisfied over-time if the customer receives the benefits as the Company performs work, if the customer controls the asset as it is being produced or if the product being produced for the customer has no alternative use and the Company has a contractual right to payment. Carrier recognizes revenue on an over-

time basis on installation and service contracts related to our Refrigeration and Fire & Security businesses as well as certain businesses within HVAC. For over-time performance obligations requiring the installation of equipment, revenue is recognized using costs incurred to date relative to total estimated costs at completion to measure progress. Incurred costs represent work performed, which correspond with and best depict transfer of control to the customer. Contract costs include labor, materials and subcontractors' costs, or other direct costs, and where applicable, indirect costs.

Contract modifications that are for goods or services that are not distinct are accounted for as part of an existing contract. If the goods or services are considered distinct, then a contract modification would be accounted for prospectively or as part of a new contract. The Company reviews cost estimates on significant contracts on at least a quarterly basis, and for other contracts, no less frequently than annually or when circumstances change and warrant a modification to a previous estimate. The Company records changes in contract estimates using the cumulative catch-up method. There were no material changes in contract estimates during the periods presented in the Consolidated Financial Statements.

Loss provisions on contracts are recognized to the extent that estimated contract costs exceed the estimated consideration under the contractual arrangement. For new commitments, the Company generally records loss provisions at the earlier of contract announcement or contract signing except for certain requirements contracts under which losses are recorded upon receipt of the purchase order which obligates us to perform. For existing commitments, anticipated losses on contracts are recognized in the period in which losses become evident. Products contemplated under contractual arrangements include firm quantities of products sold under contract.

Cash Payments to Customers. Carrier customarily offers our customers incentives to purchase products to ensure an adequate supply of our products in distribution channels. The principal incentive programs provide reimbursements to distributors for offering promotional pricing for products. The Company accounts for estimated incentive payments as a reduction in sales at the time a sale is recognized.

Self-Insurance. The Company maintains self-insurance retentions for a number of risks, including but not limited to, workers' compensation, general liability, automobile liability, property and employee-related healthcare benefits. It has obtained insurance coverage for amounts exceeding individual and aggregate loss limits. The Company accrues for known future claims and incurred but not reported losses. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

Environmental. Environmental investigatory, remediation, operating and maintenance costs are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to individual sites, including the technology required to remediate, current laws and regulations and prior remediation experience. Where no amount within a range of estimates is more likely, the minimum is accrued. For sites with multiple responsible parties, the Company considers our likely proportionate share of the anticipated remediation costs and the ability of other parties to fulfill their obligations in establishing a provision for those costs. Environmental liabilities are undiscounted. Accrued environmental liabilities are not reduced by potential insurance reimbursements. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

Asbestos Related Liabilities and Insurance Recoveries. The Company records an undiscounted liability for any asbestos related contingency that is probable of occurrence and reasonably estimable. In connection with the recognition of liabilities for asbestos related matters, the Company records asbestos related insurance recoveries that are deemed probable. The amounts recorded by Carrier for asbestos-related liabilities and insurance recoveries are based on currently available information and assumptions that management believes are reasonable. Carrier's actual liabilities or insurance recoveries could be higher or lower than those recorded if actual results vary significantly from our assumptions. The key assumptions include the number and type of new claims expected to be filed each year, the outcomes or resolution of such claims, the average cost of resolution of each new claim, the amount of insurance available, allocation methodologies, the contractual terms with each insurer with whom the Company has reached settlements, the resolution of coverage issues with other excess insurance carriers with whom the Company has not yet achieved settlements and the solvency risk with respect to Carrier's insurance carriers. Other factors that may affect future liability include uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, legal rulings that may be made by state and federal courts and the passage of state or federal legislation. Legal fees incurred to defend asbestos-related legal claims are expensed when incurred. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

Asset Retirement Obligations. The Company records the fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which a liability is determined to exist, if a reasonable estimate of fair value can be

made. Upon initial recognition of a liability, the Company capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is increased for changes in its present value and the capitalized cost is depreciated over the useful life of the related asset. As of December 31, 2020 and 2019, the outstanding liability for asset retirement obligations was $76 million and $74 million, respectively, which is included in Other long-term liabilities in the Consolidated Balance Sheet.

Foreign Exchange. The Company operates in many countries and transacts in various foreign currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the Company are measured using the local currency as the functional currency. Foreign currency denominated assets and liabilities are translated into U.S. dollars at the exchange rates existing at the respective balance sheet dates, and income and expense items are translated at the average exchange rates during the respective periods.

Pension and Post-retirement Obligations. Guidance under FASB ASC Topic 715: *Compensation – Retirement Benefits* requires balance sheet recognition of the overfunded or underfunded status of pension and post-retirement benefit plans. Actuarial gains and losses, prior service costs or credits and any remaining transition assets or obligations that have not previously been recognized must be recognized in other comprehensive income, net of tax effects, until they are amortized as a component of net periodic benefit cost. Pension and post-retirement obligation balances and related costs reflected within the Consolidated Financial Statements include both costs directly attributable to plans dedicated to Carrier, as well as an allocation of costs for Carrier employees' participation in UTC's plans for periods prior to the Separation and the Distribution. See Note 13 – *Employee Benefit Plans* for further information.

Product Performance Obligations. The Company extends performance and operating cost guarantees beyond normal service and warranty policies for extended periods on some of the Company's products. The liabilities under such guarantees are based upon future product performance and durability and the Company records such costs that are probable and can be reasonably estimated within Cost of products sold. Separately priced extended warranties are recorded within contract liabilities. In addition, the Company incurs costs to service our products in connection with product performance issues. The costs associated with these product performance and operating cost guarantees require estimates over the term of an agreement and require management to consider factors such as the extent of future maintenance requirements and the future cost of material and labor to perform the services. These cost estimates are largely based upon historical experience. See Note 23 – *Guarantees* for additional information.

Carrier accrues for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. In accordance with FASB ASC Topic 460-10: *Guarantees*, the Company records these liabilities at fair value.

Research and Development. Research and development costs are charged to expense as incurred. Research and development costs were $419 million, $401 million and $400 million, which represented 2.4%, 2.2% and 2.1% of net sales, for the years ended December 31, 2020, 2019 and 2018, respectively.

UTC Net Investment. UTC's net investment in the Company is presented as "UTC Net investment" on the Consolidated Balance Sheet for periods prior to the Separation and the Distribution. The Consolidated Statement of Changes in Equity includes net cash transfers and other property transfers between UTC and the Company as well as related party receivables and payables between the Company and other UTC affiliates that were settled on a current basis. Prior to the Separation and the Distribution, UTC performed cash management and other treasury-related functions on a centralized basis for nearly all of its legal entities including the Company and, consequently, the net cash generated by the Company was transferred to UTC through inter-company accounts.

Recent Pronouncements

Recently Adopted Accounting Pronouncements and SEC Rules

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* requiring recognition of operating leases as right-of-use assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. We adopted ASU 2016-02 and its related amendments (collectively, the "New Lease Accounting Standard") effective January 1, 2019, and elected the modified retrospective approach in which results for periods before 2019 were not adjusted for the new standard and the cumulative effect of the change in accounting was recognized through retained earnings at the date of adoption. We have elected certain of the practical expedients available under the New Lease Accounting Standard including the practical expedient which allows prospective transition to the New Lease Accounting Standard on January 1, 2019. Under the transition practical expedient, we did not reassess lease classification, embedded leases or initial direct costs. We have applied the practical expedient for short-term leases, whereby a lease right-of-use asset and liability is not recognized and the expense is recognized on a straight-line basis over the lease term. In addition, we have lease agreements with lease and non-lease components, for which we have elected the practical expedients to combine these components for certain equipment leases. Additionally, for certain equipment leases, we apply a portfolio approach to effectively account for the operating lease right-of-use assets and liabilities. The adoption of the New Lease Accounting Standard did not have a material effect on our Consolidated Statement of Operations or Consolidated Statement of Cash Flows. Upon adoption, we recorded an $894 million right-of-use asset and a $901 million lease liability. The adoption of the New Lease Accounting Standard did not have a material impact on UTC Net Investment. See Note 22 – *Leases* for further information.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU and its related amendments (collectively, the "Credit Loss Standard") modified the credit loss model to utilize an expected loss methodology in place of an incurred loss methodology for financial instruments, including trade receivables, contract assets, long term receivables and off-balance sheet credit exposures. The Credit Loss Standard requires consideration of a broader range of information to estimate expected credit losses, including historical information, current conditions and a reasonable forecast period. This ASU requires that the statement of operations reflect the measurement of credit losses for newly recognized financial assets as well as an expected increase or decrease of expected credit losses that have taken place during the period, which may result in earlier recognition. The Company adopted the Credit Loss Standard effective January 1, 2020, utilizing a modified retrospective approach and its adoption did not have a material impact on the Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. This ASU requires the income tax consequences of an intra-entity transfer of an asset, other than inventory, to be recognized when the transfer occurs. Two common examples of assets included in the scope of this update are intellectual property and property, plant and equipment. Carrier adopted the new standard effective January 1, 2018. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Under this ASU, a goodwill impairment is calculated as the difference between the carrying amount of a reporting unit and its fair value, not to exceed the carrying amount of the goodwill allocated to a reporting unit. Additionally, this ASU requires the same impairment testing methodology for all reporting units, even those with a zero or negative carrying amount, and requires an entity to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount. The Company adopted this ASU effective January 1, 2020 and its adoption did not have a material impact on the Consolidated Financial Statements.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220)*. The ASU allows companies to reclassify to retained earnings the stranded tax effects in accumulated other comprehensive income ("AOCI") from the then newly-enacted TCJA. The Company adopted this ASU effective January 1, 2019 and elected to reclassify the income tax effects of TCJA from AOCI to UTC Net investment, which did not have a material impact on the Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU removes the disclosure requirements for the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. The Company adopted this ASU on January 1, 2020. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. The new standard includes updates to the disclosure requirements for defined benefit plans including several additions, deletions and modifications to the disclosure requirements. The Company adopted this ASU on December 31, 2020. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. The new standard provides updated guidance surrounding implementation costs associated with cloud computing arrangements that are service contracts. The Company adopted this ASU on January 1, 2020. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In August 2020, the SEC issued Final Rule Release No. 33-10825, which amends certain disclosure requirements required by Regulation S-K relating to the description of business (Item 101), legal proceedings (Item 103) and risk factors (Item 105). The amendments to Item 101 will, among other things, allow the Company to provide updates regarding the business based on materiality, if it incorporates by reference disclosure from a previous SEC filing. The amendment also requires disclosures regarding the registrant's human capital resources to the extent such disclosures would be material to an understanding of the registrant's business. The amendments to Item 103, among other things, increase the quantitative threshold for disclosing certain environmental proceedings, and the amendments to Item 105, among other things, require a risk factors summary if the risk factors section is longer than 15 pages. The Company adopted these modifications, which were effective on November 9, 2020, and included disclosures regarding human capital management and a risk factors summary in this Annual Report on Form 10-K. The adoption of the other amendments did not have a material impact on the Consolidated Financial Statements.

Recently Issued Accounting Pronouncements and SEC Rules

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in this update remove certain exceptions allowed by Topic 740 including exceptions to the incremental approach for intra-period tax allocation when there is a loss from continuing operations and income or gain from other items, the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment, the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary and the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. There are also additional areas of guidance in regards to franchise and other taxes partially based on income and the interim recognition of enactment of tax laws and rate changes. The provisions of this ASU are effective for years beginning after December 15, 2020, with early adoption permitted. The Company intends to apply ASU 2019-12 in the first quarter of 2021 and does not anticipate that the adoption will have a material impact on the Company's Consolidated Financial Statements upon adoption.

In May 2020, the SEC issued Final Rule Release No. 33-10786, which amends the financial statement requirements for acquisitions and dispositions of businesses and related pro forma financial information required under SEC Regulation S-X, Rule 3-05. The final rule modifies the significance test required in SEC Regulation S-X, Rule 1-02(w) by raising the significance threshold for reporting dispositions of a business from 10% to 20% and by modifying the calculation of the investment and income tests. In accordance with Rules 3-09 or 4-08(g), the revised income test will apply to the evaluation of equity method investments for significance. The Company is currently evaluating the impact of these modifications, which are effective for fiscal years beginning after December 31, 2020.

In November 2020, the SEC issued Final Rule Release No. 33-10980, which amends the requirements for providing selected quarterly financial data, contractual obligations and management discussion and analysis. The Company will monitor future updates as a result of the new administration in Washington, D.C. and we are currently evaluating the impact of these modifications, which are required after August 9, 2021.

NOTE 4: EARNINGS PER SHARE

On the Distribution Date, 866,158,910 shares of the Company's common stock, par value $0.01 per share, were distributed to UTC shareowners of record as of March 19, 2020. This share amount is utilized for the calculation of basic and diluted earnings per share for all periods presented prior to the Separation and the Distribution and such shares are treated as issued and outstanding for purposes of calculating historical earnings per share. For periods prior to the Separation and the Distribution, it is assumed that there are no dilutive equity instruments as there were no Carrier stock-based awards outstanding prior to the Separation and the Distribution.

For periods subsequent to the Separation and the Distribution, diluted earnings per share is computed by giving effect to all potentially dilutive stock awards that are outstanding. The computation of diluted earnings per share excludes the effect of the potential exercise of stock-based awards, including stock appreciation rights and stock options, when the effect of the potential exercise would be anti-dilutive. The weighted-average number of common shares outstanding for basic and diluted earnings per share for the year ended December 31, 2020 was based on the weighted-average number of common shares outstanding for the period beginning after the Distribution Date. For the year ended December 31, 2020, the number of stock awards excluded from the computation of diluted earnings per share due to their anti-dilutive effect was approximately 0.2 million.

(dollars in millions, except per share amounts; shares in millions)	**2020**	**2019**	**2018**
Net income attributable to common shareowners	**$ 1,982**	**$ 2,116**	**$ 2,734**
Basic weighted-average number of shares outstanding	866.5	866.2	866.2
Stock awards and equity units (share equivalent)	13.7	—	—
Diluted weighted-average number of shares outstanding	**880.2**	**866.2**	**866.2**
Earnings Per Share			
Basic	$ 2.29	$ 2.44	$ 3.16
Diluted	$ 2.25	$ 2.44	$ 3.16

NOTE 5: REVENUE RECOGNITION

Contract Assets and Liabilities. Total contract assets and liabilities are as follows:

(dollars in millions)	**2020**	**2019**
Contract assets, current	$ 656	$ 622
Contract assets, non-current (included within Other assets)	98	57
Total contract assets	754	679
Contract liabilities, current	(512)	(443)
Contract liabilities, non-current (included within Other long-term liabilities)	(165)	(168)
Total contract liabilities	(677)	(611)
Net contract assets	**$ 77**	**$ 68**

Contract assets increased $75 million for the year ended December 31, 2020, primarily due to the timing of billings on customer contracts and contract completions. Contract liabilities increased $66 million for the year ended December 31, 2020, primarily due to customer billings in excess of revenue earned.

For the years ended December 31, 2020 and 2019, we recognized revenue of $320 million and $362 million, respectively, that was related to contract liabilities as of January 1, 2020 and 2019, respectively.

There were no individually significant customers with sales exceeding 10% of total sales for the years ended December 31, 2020, 2019 and 2018.

Remaining Performance Obligations. As of December 31, 2020, our total RPO was approximately $5.4 billion compared with $4.7 billion as of December 31, 2019. Of the total RPO as of December 31, 2020, we expect approximately 71% will be recognized as sales over the following 12 months.

See Note 26 – *Segment Financial Data* which provides incremental disclosures required by ASC Topic 606: *Revenue from Contracts with Customers*.

NOTE 6: EQUITY METHOD INVESTMENTS AND RELATED PARTIES

Equity Method Investments

Carrier had 30 directly owned unconsolidated domestic and foreign affiliates as of December 31, 2020 and 2019. Carrier's ownership interests in equity method investments vary among individual investments and range from 20% to 50%. While all three of our segments participate in joint ventures and strategic relationships, 98% of such investments are in our HVAC business.

Summarized financial information for equity method investments is reflected in the following tables:

(dollars in millions)	**2020**	**2019**
Current assets	$ 3,671	$ 4,324
Non-current assets	2,035	2,058
Total assets	5,706	6,382
Current liabilities	2,223	2,310
Non-current liabilities	298	592
Total liabilities	2,521	2,902
Total net equity of investees	**$ 3,185**	**$ 3,480**

(dollars in millions)	**2020**	**2019**	**2018**
Net sales	$ 9,299	$ 9,622	$ 9,142
Gross profit	$ 1,722	$ 1,741	$ 1,673
Income from continuing operations	$ 544	$ 578	$ 645
Net income	$ 544	$ 578	$ 645

Carrier sells products to and purchases products from unconsolidated entities accounted for under the equity method, therefore these entities are considered related parties. For the years ended December 31, 2020, 2019 and 2018, Product sales in the Consolidated Statement of Operations included sales to equity method investees of $1.8 billion, $1.8 billion and $1.9 billion, respectively. For the years ended December 31, 2020, 2019 and 2018, Cost of products sold in the Consolidated Statement of Operations included purchases from equity method investees of $292 million, $368 million and $355 million, respectively.

Carrier had receivables from equity method investees of $161 million and $137 million as of December 31, 2020 and 2019, respectively. Carrier also had payables to equity method investees of $38 million and $55 million as of December 31, 2020 and 2019, respectively. The receivables and payables are included in Accounts receivable, net and Accounts payable on the Consolidated Balance Sheet.

The Company periodically reviews the carrying value of our equity method investments to determine if there has been an other-than-temporary decline in fair value. A variety of factors are considered when determining if a decline in carrying value is other-than-temporary, including, among other factors, the financial condition and business prospects of the investee, as well as the Company's intent with regard to the investment. In 2020, we assessed potential impairment indicators related to our equity method investments and determined that indicators of impairment existed for a specific minority owned joint venture investment in the portfolio of our HVAC segment. We performed a valuation of this investment based on the income approach using the discounted cash flow method. We determined that the loss in value was other-than-temporary due to a reduction in sales and earnings that were driven by a deterioration in the oil and gas industry (the joint venture's primary market) and the impact of COVID-19, among other factors. As a result, we recorded an other-than-temporary impairment charge of $71 million on this investment in 2020, which is included in Other income (expense), net on the accompanying Consolidated Statement of Operations.

In 2019, we assessed potential impairment indicators related to our equity method investments and determined that indicators of impairment existed for a specific minority owned joint venture investment in the portfolio. We performed a valuation of this investment and determined that the fair value was less than its carrying value and that the loss was other-than-temporary. As a result, we recorded an other-than-temporary impairment charge of $108 million on this investment in 2019.

In September 2020, the Company sold 9.25 million B shares of Beijer for SEK290 ($32.38) per share equal to approximately 7.9% of the outstanding B shares in Beijer, through an accelerated equity offering. We received proceeds of approximately $300 million and recognized a pre-tax gain on the sale of $252 million, which is included in Other income (expense), net on the Consolidated Statement of Operations.

Subsequently, in December 2020, the Company sold all of our remaining A and B shares of Beijer for SEK245 ($29.03) per share. We received proceeds of approximately $1.1 billion and recognized a pre-tax gain on the sale of $871 million, which is included in Other income (expense), net on the Consolidated Statement of Operations. Prior to the sale of the Company's remaining shares, Beijer was reported as an equity method investment.

Related Party with UTC

Prior to the Separation and the Distribution, Carrier had been managed and operated in the normal course of business with other affiliates of UTC. Accordingly, certain shared costs had been allocated to the Company and are reflected as expenses in the Consolidated Financial Statements.

Related Party Sales. During the periods prior to the Separation and the Distribution, the Company sold products and services to UTC and its other affiliates. Product sales in the Consolidated Statement of Operations include sales to UTC and affiliates of UTC other than Carrier of $3 million, $23 million and $25 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Allocated Centralized Costs. Prior to the Separation and the Distribution, UTC incurred corporate costs for services provided to the Company and to other UTC businesses. These services included treasury, tax, accounting, human resources, internal audit, legal, purchasing and information technology. The costs associated with these services generally included all payroll and benefit costs as well as related overhead costs. UTC also allocated costs associated with corporate insurance coverage and medical, pension, post-retirement and other health plan costs for employees participating in UTC sponsored plans. UTC corporate costs were either specifically attributed and charged to Carrier, when possible, or allocated to the Company. Allocations were based on direct usage where identifiable and on a number of other utilization measures including headcount, proportionate usage and net sales. All such amounts were deemed incurred and settled by the Company in the period in which the costs were recorded and are included in UTC Net investment.

The allocated centralized costs for the years ended December 31, 2020, 2019 and 2018, were $43 million, $245 million and $277 million, respectively, and are primarily included in Selling, general and administrative in the Consolidated Statement of Operations.

The expense and cost allocations were determined on a basis considered to be a reasonable reflection of the utilization of services provided to or for the benefit received by the Company prior to the Separation and the Distribution. The amounts that would have been incurred on a stand-alone basis could differ from the amounts allocated due to economies of scale, differences in management approach, a need for more or fewer employees or other factors. In addition, the Company's future results of operations, financial position and cash flows could differ materially from the historical results presented herein.

Separation Costs. In connection with the Separation and the Distribution, we have incurred separation-related costs of approximately $141 million and $58 million for the years ended December 31, 2020 and 2019, respectively, primarily recorded in Selling, general and administrative in the Consolidated Statement of Operations, which primarily consist of employee-related costs, costs to establish certain stand-alone functions and information technology systems, professional service fees and other transaction-related costs resulting from Carrier’s transition to becoming an independent, publicly traded company. Carrier did not incur costs in connection with the Separation for the year ended December 31, 2018.

Cash Management and Financing. Prior to the Separation and the Distribution, the Company participated in UTC’s centralized cash management and financing programs. The cash reflected on the Consolidated Balance Sheet, prior to the Separation and the Distribution, represents cash on hand at certain foreign entities that did not participate in the centralized UTC cash management program and were specifically identifiable to the Company. Cash receipts and disbursements were

executed through centralized systems, which were operated by UTC. As cash was received and disbursed by UTC, it was accounted for by the Company through UTC Net investment. The majority of external debt was financed by UTC, and financing decisions for wholly and majority owned subsidiaries were determined by UTC. The Company's cash that was excluded from UTC's centralized cash management and financing programs is classified as Cash and cash equivalents in the Consolidated Balance Sheet as of December 31, 2019.

For the year ended December 31, 2020, net assets of $859 million were contributed to the Company by UTC which primarily consisted of cash of $590 million, deferred tax assets and liabilities and fixed assets. These contributions of net assets are recorded as Net transfers from UTC on the Consolidated Statement of Changes in Equity through UTC Net investment.

Accounts Receivable and Payable. Certain related party transactions between the Company and UTC were included within UTC Net investment in the Consolidated Balance Sheet as of December 31, 2019 when the related party transactions were not settled in cash. As of December 31, 2019, the UTC Net investment includes related party receivables due from UTC and its affiliates of $16.0 billion and related party payables due to UTC and its affiliates of $3.3 billion. As of April 3, 2020, UTC Net investment was reclassified to Common stock and Additional paid-in capital.

Prior to the Separation and the Distribution, interest income and expense related to activity with UTC that were historically included in Carrier's results are presented on a net basis in the Consolidated Statement of Operations. For the years ended December 31, 2019 and 2018 there was $91 million and $110 million, respectively, of interest income from activity with UTC. For the years ended 2019 and 2018, there was $55 million and $59 million, respectively, of interest expense from activity with UTC. The effect of the settlement of these related party transactions is included in financing activity in the Consolidated Statement of Cash Flows. There was no interest income or expense from activity with UTC for the year ended December 31, 2020.

Additionally, certain transactions between Carrier and our subsidiaries, and UTC and its affiliates, were cash-settled and were reflected in Accounts receivable, net and Accounts payable in the Consolidated Balance Sheet as of December 31, 2019 in the amounts of $6 million and $4 million, respectively. As of December 31, 2020, there were no pre-Separation accounts receivable or accounts payable outstanding with UTC.

NOTE 7: ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

(dollars in millions)	**2020**	**2019**
Trade receivables	$ 2,567	$ 2,444
Receivables from affiliates	161	143
Other receivables	142	184
Accounts receivable	2,870	2,771
Less: Allowance for expected credit losses	(89)	(45)
Accounts receivable, net	**$ 2,781**	**$ 2,726**

The changes in the allowance for expected credit losses related to Accounts receivable, net are as follows:

(dollars in millions)	
Balance as of January 1, 2018	$ 152
Provision charged to income	20
Accounts charged off, net of recoveries	(22)
Other	(9)
Balance as of December 31, 2018	141
Provision charged to income	18
Accounts charged off, net of recoveries	(45)
Other [1]	(69)
Balance as of December 31, 2019	45
Current period provision for expected credit losses	40
Accounts charged off, net of recoveries	(7)
Other [2]	11
Balance as of December 31, 2020	**$ 89**

[1] Includes $61 million of the prior year allowance for doubtful accounts reflected as a direct reduction in trade receivables.
[2] Includes impact of adoption of ASU 2016-13.

NOTE 8: INVENTORIES, NET

(dollars in millions)	**2020**	**2019**
Raw materials	$ 363	$ 290
Work-in-process	143	120
Finished goods	1,123	922
Inventories, net	**$ 1,629**	**$ 1,332**

Raw materials, work-in-process and finished goods are net of valuation reserves of $183 million and $152 million as of December 31, 2020 and 2019, respectively.

NOTE 9: FIXED ASSETS, NET

Fixed assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives.

(dollars in millions)	**Estimated Useful Lives (Years)**	**2020**	**2019**
Land		$ 109	$ 113
Buildings and improvements	40	1,160	1,138
Machinery, tools and equipment	3 to 25	2,138	1,924
Rental assets	3 to 12	416	395
Other, including assets under construction		261	188
Fixed assets, gross		4,084	3,758
Accumulated depreciation		(2,274)	(2,095)
Fixed assets, net		**$ 1,810**	**$ 1,663**

Depreciation expense was $234 million, $219 million and $221 million for the years ended December 31, 2020, 2019 and 2018, respectively.

NOTE 10: BUSINESS ACQUISITIONS, DISPOSITIONS, GOODWILL AND INTANGIBLE ASSETS

Business Acquisitions and Dispositions. There were no significant acquisitions or divestitures of consolidated businesses for the years ended December 31, 2020 and 2019. During the year ended December 31, 2018, Carrier's investment through acquisition, net of cash acquired was $310 million. This acquisition was not considered material for presentation of pro forma results under ASC 805: *Business Combinations*. Acquisition-related costs have been expensed as incurred and were not material in any of the periods presented.

We completed the sale of Taylor during the year ended December 31, 2018 for $1.0 billion in cash, resulting in a pre-tax gain of $799 million on the sale included in Other income (expense), net on the Consolidated Statement of Operations.

Goodwill. The changes in the carrying amount of goodwill were as follows:

(dollars in millions)	**HVAC**	**Refrigeration**	**Fire & Security**	**Total**
Balance as of January 1, 2019	$ 5,330	$ 1,231	$ 3,288	$ 9,849
Foreign currency translation	21	(3)	17	35
Balance as of December 31, 2019	$ 5,351	$ 1,228	$ 3,305	$ 9,884
Foreign currency translation	138	23	94	255
Balance as of December 31, 2020	**$ 5,489**	**$ 1,251**	**$ 3,399**	**$ 10,139**

Intangible Assets, net. Identifiable intangible assets include the following:

		2020		**2019**	
(dollars in millions)	**Useful Lives**	**Gross Amount**	**Accumulated Amortization**	**Gross Amount**	**Accumulated Amortization**
Amortized:					
Customer relationships	1 to 30	$ 1,558	$ (1,285)	$ 1,479	$ (1,154)
Patents and trademarks	5 to 30	301	(222)	287	(201)
Monitoring lines	7 to 10	71	(59)	67	(52)
Service portfolios and other	1 to 23	644	(542)	629	(506)
		2,574	(2,108)	2,462	(1,913)
Unamortized:					
Trademarks and other		571	—	534	—
Intangible assets, net		**$ 3,145**	**$ (2,108)**	**$ 2,996**	**$ (1,913)**

Amortization of intangible assets was $102 million, $116 million and $136 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The estimated future amortization of intangible assets is as follows:

(dollars in millions)	**2021**	**2022**	**2023**	**2024**	**2025**
Future amortization	$ 94	$ 75	$ 65	$ 57	$ 50

Annual Impairment Assessment. As part of our annual impairment testing, we concluded that the fair value of goodwill exceeded the carrying value for all reporting units, resulting in no goodwill impairment. However, for one reporting unit, with goodwill of $917 million, the excess of fair value over the carrying value was approximately 13%. For this reporting unit, a 100 basis point increase in the discount rate used in the financial forecast would result in an impairment of approximately $84 million. The estimated fair value of the reporting unit may be negatively impacted if future economic conditions are worse than our financial forecast and assumptions or there are substantial reductions in our end markets and volume assumptions relative to our financial forecast.

Based upon the quantitative assessment performed, the fair value of indefinite lived trademarks was determined to exceed the carrying value, resulting in no impairment.

NOTE 11: ACCRUED LIABILITIES

(dollars in millions)	2020	2019
Accrued salaries, wages and employee benefits	$ 634	$ 516
Accrued taxes	234	318
Warranty-related (Note 23)	191	200
Accrued interest	127	26
Operating leases (Note 22)	161	163
Accrued insurance (Note 25)	164	173
Accrued restructuring (Note 17)	47	66
Accrued common stock dividend	105	—
Other	808	626
Accrued liabilities	**$ 2,471**	**$ 2,088**

NOTE 12: BORROWINGS AND LINES OF CREDIT

On February 10, 2020, we entered into a revolving credit agreement with various banks permitting aggregate borrowings of up to $2.0 billion pursuant to an unsecured, unsubordinated revolving credit facility that matures on April 3, 2025. The Revolving Credit Facility supports our commercial paper program and cash requirements. A commitment fee of 0.125% is charged on the unused commitments. Borrowings under the Revolving Credit Facility are available in U.S. Dollars, Euros and Pounds Sterling and bear interest at a variable interest rate based on LIBOR plus a ratings-based margin, which was 125 basis points as of December 31, 2020. As of December 31, 2020, there were no borrowings on the Revolving Credit Facility.

On February 10, 2020, we entered into a $1.75 billion term loan credit agreement that provided an unsecured, unsubordinated term loan credit facility which was scheduled to mature on February 10, 2023. In the three months ended December 31, 2020, Carrier prepaid the full $1.75 billion principal amount outstanding under the Term Loan Credit Facility. Borrowings under the Term Loan Credit Facility were subject to a variable interest rate based on LIBOR plus a ratings-based margin, which immediately prior to the repayment date in the three months ended December 31, 2020, was 112.5 basis points. In connection with the full prepayment of the Term Loan Credit Facility, the term loan credit agreement was terminated.

On February 27, 2020, Carrier issued $9.25 billion of unsecured, unsubordinated long-term notes in six series with maturity dates ranging from 2023 through 2050. The long-term fixed rate notes were issued pursuant to an indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee.

On March 27, 2020, Carrier drew $1.75 billion on the Term Loan Credit Facility. The proceeds of the long-term fixed rate notes issued in February 2020 of $9.25 billion and the Term Loan Credit Facility of $1.75 billion were used to distribute $10.9 billion to UTC in connection with the Separation.

The revolving credit agreement and indenture contain affirmative and negative covenants customary for financings of this type, that among other things, limit Carrier and our subsidiaries' ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. On June 2, 2020, the Company entered into an amendment to the revolving credit agreement. Pursuant to the amendment, certain terms of the Revolving Credit Facility were amended for the Covenant Modification Period. The Company may terminate the Covenant Modification Period prior to December 30, 2021 subject to the satisfaction of certain conditions. The amendment defers testing of our consolidated total net leverage ratio financial covenant until June 30, 2021 and increases the consolidated total net leverage ratio limit until December 31, 2021. The amendment also requires us to maintain liquidity at a certain level until the earlier of (1) June 29, 2021 and (2) the last day of the Covenant Modification Period. Additionally, during the Covenant Modification Period, the Company is subject to (a) limitations on the incurrence of subsidiary indebtedness, (b) limitations on the making of restricted payments, including purchases by the Company of our ordinary shares and the amount of dividends the Company may pay, and (c) a "most favored nations" provision related to certain terms of any committed credit facility in an amount greater than $100 million. As of December 31, 2020, we were compliant with our covenants under the agreements governing our outstanding indebtedness.

On June 19, 2020, we issued $750 million of unsecured, unsubordinated 2.700% Notes due 2031. These notes rank equally with our other unsecured, unsubordinated obligations. We used the net proceeds from the sale of such notes, which further enhance our liquidity and financial flexibility during the ongoing COVID-19 pandemic, for general corporate purposes.

As of December 31, 2020, we have a $2.0 billion unsecured, unsubordinated commercial paper program which we plan to use for general corporate purposes, including the funding of working capital and potential acquisitions. As of December 31, 2020, there were no borrowings outstanding under the commercial paper program.

Long-term debt consisted of the following:

(dollars in millions)

Debt Description	Interest Rate	2020	2019
1.923% Notes due February 15, 2023	1.923 %	$ 500	$ —
2.242% Notes due February 15, 2025	2.242 %	2,000	—
2.493% Notes due February 15, 2027	2.493 %	1,250	—
2.722% Notes due February 15, 2030	2.722 %	2,000	—
2.700% Notes due February 15, 2031	2.700 %	750	—
3.377% Notes due April 5, 2040	3.377 %	1,500	—
3.577% Notes due April 5, 2050	3.577 %	2,000	—
Other (including project financing obligations and finance leases)		308	319
Total principal long-term debt		10,308	319
Other (discounts and debt issuance costs)		(81)	—
Total debt		10,227	319
Less: current portion of long-term debt		191	237
Long-term debt, net of current portion		**$ 10,036**	**$ 82**

We issued $135 million and $107 million of debt for the years ended December 31, 2020 and 2019, respectively, relating to project financing arrangements. Long-term debt repayments for the years ended December 31, 2020 and 2019 relating to project financing arrangements were $161 million and $138 million, respectively.

Scheduled maturities of long-term debt, excluding amortization of discount, are as follows:

(dollars in millions)

2021	$ 190
2022	$ 117
2023	$ 501
2024	$ —
2025	$ 2,000
Thereafter	$ 7,500

The average maturity of our long-term debt as of December 31, 2020 is approximately 13 years and the weighted-average interest rate on our total borrowings for the year ended December 31, 2020 is approximately 2.7%.

Interest expense associated with long-term debt for the year ended December 31, 2020 was $298 million. Included in Interest expense, net on the accompanying Consolidated Statement of Operations is amortization of debt issuance costs of $9 million and debt issuance costs of $5 million that were expensed for the year ended December 31, 2020. Included in Accrued liabilities on the accompanying Consolidated Balance Sheet was accrued interest associated with long-term debt of $96 million and $1 million as of December 31, 2020 and 2019, respectively.

NOTE 13: EMPLOYEE BENEFIT PLANS

Employee Savings Plans. The Company sponsors various employee savings plans. Prior to the Separation and the Distribution, UTC also sponsored and contributed to defined contribution employee savings plans. Certain employees of Carrier participate in these plans. Carrier's contributions to employer sponsored defined contribution plans were $103 million, $88 million and $94 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Pension Plans. The Company sponsors both funded and unfunded domestic and international defined benefit pension and other post-retirement benefit plans and defined contribution plans. Additionally, the Company contributes to various domestic and international multi-employer defined benefit pension and other post-retirement benefit plans.

(dollars in millions)	**2020**	**2019**
Change in Benefit Obligation		
Beginning balance	$ 2,885	$ 2,581
Service cost	29	31
Interest cost	52	67
Actuarial loss	239	351
Benefits paid	(116)	(132)
Net settlement, curtailment and special termination benefits	(16)	(38)
Other [1]	151	25
Ending balance	**$ 3,224**	**$ 2,885**

(dollars in millions)	**2020**	**2019**
Change in Plan Assets		
Beginning balance	$ 2,953	$ 2,635
Actual return on plan assets	285	381
Employer contributions	41	36
Benefits paid	(116)	(132)
Settlements	(15)	(14)
Other [1]	146	47
Ending balance	**$ 3,294**	**$ 2,953**
Funded Status		
Fair value of plan assets	$ 3,294	$ 2,953
Benefit obligations	(3,224)	(2,885)
Funded status of plans	**$ 70**	**$ 68**

[1] Reflects the impact of foreign exchange translation, primarily for plans in the United Kingdom, Canada and Germany.

The largest contributor to the improvement in the funded position was better than expected asset performance globally, offset by exchange rate losses and the decrease in the discount rate used to measure the benefit obligations of our plans. Discount rates in all applicable territories and countries declined over the measurement period as a result of reductions in corporate bond yields, which resulted in an increase in benefit obligations.

(dollars in millions)	**2020**	**2019**
Amounts Recognized in the Consolidated Balance Sheet Consist of:		
Non-current assets	$ 542	$ 488
Current liability	(10)	(9)
Non-current liability	(462)	(411)
Net amount recognized	**$ 70**	**$ 68**
Amounts Recognized in Accumulated Other Comprehensive Loss Consist of:		
Net actuarial loss	$ 689	$ 577
Prior service cost	13	15
Net amount recognized	**$ 702**	**$ 592**

Qualified domestic pension plan benefits comprise approximately 9% of the projected benefit obligation. These plans are closed to new entrants. Foreign plans comprise approximately 91% of the projected benefit obligation; certain of these plans provide participants with one-time payments upon separation of employment rather than a retirement annuity. Non-qualified domestic pension plans provide supplementary retirement benefits to certain employees and are not a material component of the projected benefit obligation.

For the years ended December 31, 2020, 2019 and 2018, we made $41 million, $36 million and $45 million, respectively, of cash contributions to our foreign defined benefit pension plans.

Information for pension plans with accumulated benefit obligations in excess of plan assets:

(dollars in millions)	**2020**	**2019**
Projected benefit obligation	$ 622	$ 549
Accumulated benefit obligation	$ 579	$ 506
Fair value of plan assets	$ 156	$ 137

Information for pension plan with projected benefit obligations in excess of plan assets:

(dollars in millions)	**2020**	**2019**
Projected benefit obligation	$ 666	$ 690
Accumulated benefit obligation	$ 615	$ 630
Fair value of plan assets	$ 194	$ 270

The accumulated benefit obligation for all defined benefit plans was $3.2 billion and $2.8 billion as of December 31, 2020 and 2019, respectively.

The components of net periodic pension benefits for our defined benefit pension plan are as follows:

(dollars in millions)	**2020**	**2019**	**2018**
Service cost	$ 29	$ 31	$ 33
Interest cost	52	67	64
Expected return on plan assets	(140)	(154)	(170)
Amortization of prior service credit	2	2	1
Recognized actuarial net loss	22	9	16
Net settlement, curtailment and special termination benefit loss	4	4	1
Net periodic pension benefit	**$ (31)**	**$ (41)**	**$ (55)**

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) are as follows:

(dollars in millions)	**2020**	**2019**
Current year actuarial loss	$ 94	$ 112
Amortization of actuarial loss	(22)	(9)
Amortization of prior service cost	(2)	(2)
Net settlement and curtailment gain	(4)	(4)
Other [1]	39	2
Total recognized in other comprehensive loss	**$ 105**	**$ 99**
Net recognized in net periodic benefit and other comprehensive loss	$ 74	$ 58

[1] Reflects the impact of foreign exchange translation, primarily for plans in the United Kingdom, Canada and Germany.

Major assumptions used in determining the benefit obligation and net cost for pension plans are presented in the following table as weighted-averages:

	Benefit Obligation		**Net Costs**		
(dollars in millions)	**2020**	**2019** [2]	**2020**	**2019** [2]	**2018** [2]
Discount rate					
Projected benefit obligation	1.4%	2.0 %	2.0%	2.8 %	2.5 %
Interest cost [1]	—%	— %	1.8%	2.7 %	2.4 %
Service cost [1]	—%	— %	1.8%	3.2 %	2.8 %
Salary scale	2.8%	3.4 %	3.3%	3.0 %	3.0 %
Expected return on plan assets	—%	— %	4.9%	5.6 %	6.0 %

[1] The 2020 and 2019 discount rates used to measure the service cost and interest cost applies to our significant plans. The projected benefit obligation discount rate is used for the service cost and interest cost measurements for non-significant plans.
[2] Assumptions prior to 2020 include assumptions used for the UTC plan which included Carrier employees.

The weighted-average discount rates used to measure pension benefit obligations and net costs are set by reference to specific analyses using each plan's specific cash flows and high-quality bond indices to assess reasonableness. For those significant plans, Carrier utilizes a full yield curve approach in the estimation of the service cost and interest cost components by applying the specific spot rates along the yield curve used in determination of the benefit obligation to the relevant projected cash flows.

In determining the expected return on plan assets, we consider the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes and economic and other indicators of future performance. Return projections are assessed for reasonableness using a simulation model that incorporates yield curves, credit spreads and risk premiums to project long-term prospective returns.

The plans' investment management objectives include providing the liquidity and asset levels needed to meet current and future benefit payments, while maintaining a prudent degree of portfolio diversification considering interest rate risk and market volatility. Globally, investment strategies target a mix of approximately 40% of growth seeking assets and 60% of income generating and hedging assets using a wide diversification of asset types, fund strategies and investment managers. The growth seeking allocation consists of global public equities in developed and emerging countries and alternative-asset class strategies. Within the income generating assets, the fixed income portfolio consists of mainly government and broadly diversified high quality corporate bonds.

The plans seek to reduce the plans' interest rate risk and have incorporated liability hedging programs that include the adoption of a risk reduction objective as part of the long-term investment strategy. Under this objective the income generating and hedging assets typically increase as funded status improves. The hedging programs incorporate a range of assets and investment tools, each with various interest rate sensitivities. As a result of the improved funded status of the plans due to favorable asset returns and funding of the plans, the income generating and hedging assets increased in recent years.

The fair values of pension plan assets by asset category are as follows:

(dollars in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Subject to Leveling	Total
Asset Category					
Public Equities:					
Global Equities	$ —	$ 52	$ —	$ 65	$ 117
Global Equity Funds at net asset value [8]	—	—	—	733	733
Fixed Income Securities:					
Governments	—	1,270	—	—	1,270
Corporate Bonds	—	121	—	41	162
Fixed Income Securities [8]	—	—	—	923	923
Real Estate [4][8]	—	2	—	11	13
Other [5][8][9]	—	(422)	—	407	(15)
Cash & Cash Equivalents [6][8]	—	32	—	22	54
Subtotal	**$ —**	**$ 1,055**	**$ —**	**$ 2,202**	**$ 3,257**
Other Assets & Liabilities [7]					37
Total as of December 31, 2020					**$ 3,294**
Public Equities:					
Global Equities	$ 29	$ —	$ —	$ —	$ 29
Global Equity Commingled Funds [1]	—	141	—	—	141
Enhanced Global Equities [2]	3	3	—	—	6
Global Equity Funds at net asset value [8]	—	—	—	927	927
Private Equities [3][8]	—	—	2	10	12
Fixed Income Securities:					
Governments	8	35	—	—	43
Corporate Bonds	—	169	—	—	169
Fixed Income Securities [8]	—	—	—	1,449	1,449
Real Estate [4][8]	—	3	12	6	21
Other [5][8]	—	68	—	23	91
Cash & Cash Equivalents [6][8]	—	3	—	44	47
Subtotal	**$ 40**	**$ 422**	**$ 14**	**$ 2,459**	**$ 2,935**
Other Assets & Liabilities [7]					18
Total as of December 31, 2019					**$ 2,953**

[1] Represents commingled funds that invest primarily in common stocks.
[2] Represents enhanced equity separate account and commingled fund portfolios. A portion of the portfolio may include long-short market neutral and relative value strategies that invest in publicly traded, equity and fixed income securities, as well as derivatives of equity and fixed income securities and foreign currency.
[3] Represents limited partner investments with general partners that primarily invest in debt and equity.
[4] Represents investments in real estate, including commingled funds and directly held properties.
[5] Represents insurance contracts and global balanced risk commingled funds consisting mainly of equity, bonds and some commodities.
[6] Represents short-term commercial paper, bonds and other cash or cash-like instruments.
[7] Represents trust receivables and payables that are not leveled.
[8] In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820)*, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented for the total pension plan assets.
[9] Includes fixed income repurchase agreements entered into for purposes of pension asset and liability matching.

Derivatives in the plan are primarily used to manage risk and gain asset class exposure while still maintaining liquidity. Derivative instruments mainly consist of fixed income repurchase agreements, interest rate swaps, total return swaps and currency forward contracts.

The fair value measurement of plan assets using significant unobservable inputs (Level 3) was not significantly impacted in 2020 or 2019 by unrealized losses (gains), purchases, sales or settlements.

Quoted market prices are used to value investments when available. Investments in securities traded on exchanges, including listed futures and options, are valued at the last reported sale prices on the last business day of the year or, if not available, the last reported bid prices. Fixed income securities are primarily measured using a market approach pricing methodology, whereby observable prices are obtained by market transactions involving identical or comparable securities of issuers with similar credit ratings. Over-the-counter securities and government obligations are valued at the bid prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable, including broker quotes. Temporary cash investments are stated at cost, which approximates fair value.

We expect to make total contributions of approximately $28 million to our global defined benefit pension plans in 2021. Contributions do not reflect benefits to be paid directly from corporate assets.

Benefit payments, including amounts to be paid from corporate assets, and reflecting expected future service, as appropriate, are expected to be paid as follows: $109 million in 2021, $113 million in 2022, $117 million in 2023, $119 million in 2024, $123 million in 2025 and $638 million from 2026 through 2030.

Post-retirement Benefit Plans. The Company sponsors post-retirement benefit plans that provide both health and life insurance benefits to eligible retirees. The post-retirement plans are unfunded. The benefit obligation was $5 million and $6 million as of December 31, 2020 and 2019, respectively.

Multiemployer Benefit Plans. The Company contributes to various domestic and foreign multiemployer defined benefit pension plans. The risks of participating in these multiemployer plans are different from those of single-employer plans in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Our participation in these plans for the years ended December 31, 2020 and 2019 is outlined in the following table. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2020 and 2019 is for the plan's year-end as of December 31, 2019 and December 31, 2018, respectively. The zone status is based on information that we received from the plan and is certified by the plan's actuary. Our significant plan is in the green zone which represents a plan that is at least 80% funded and does not require a financial improvement plan ("FIP") or a rehabilitation plan ("RP").

(dollars in millions)	**EIN/Pension Plan Number**	**Zone Status**		**FIP/RP Status Pending Implemented**	**Contributions**		**Surcharge Imposed**	**Expiration Date of Collective-Bargaining Agreements**
Pension Fund		**2020**	**2019**		**2020**	**2019**		
Metal and technology industry pension plan	N/A	Green	Green	No	$ 5	$ 6	No	September 30, 2021
Other funds					15	14		
					$ 20	**$ 20**		

UTC Sponsored Defined Benefit Plans. Prior to the Separation and the Distribution, Carrier participated in defined benefit pension and post-retirement benefit plans sponsored by UTC, which were accounted for as multi-employer plans in the Consolidated Financial Statements in accordance with ASC Topic 715-30*: Defined Benefit Plans – Pension* and ASC Topic 715-60: *Defined Benefit Plans – Other Post-retirement*. ASC Topic 715: *Compensation – Retirement Benefits* provides that an employer that participates in a multi-employer defined benefit plan is not required to report a liability beyond the contributions currently due and unpaid to the plan. The Company's participation in these defined benefit pension and post-retirement benefits plans sponsored by UTC concluded in conjunction with the Separation and the Distribution.

The expenses associated with these UTC plans were allocated to the Company and reported in Cost of products sold, Cost of services sold, Selling, general and administrative and Non-service pension benefit on the accompanying Consolidated Statement of Operations. The pension and post-retirement expenses were as follows:

(dollars in millions)	**2020**	**2019**	**2018**
Service cost	$ —	$ 18	$ 22
Non-service pension benefit	(2)	(81)	(80)
Total net periodic benefit	**$ (2)**	**$ (63)**	**$ (58)**

NOTE 14: STOCK-BASED COMPENSATION

Stock-Based Compensation. Prior to the Separation and the Distribution, Carrier participated in UTC's long-term incentive plans ("LTIP"), which authorized various types of market and performance-based incentive awards, including stock options, stock appreciation rights, performance share units and restricted stock units, which were granted to eligible Carrier officers and employees. All awards granted under the UTC LTIP related to UTC common shares. For all periods prior to the Separation and the Distribution, stock-based compensation expense was allocated to Carrier from UTC based upon direct employee headcount.

As a result of the Separation and the Distribution, outstanding and vested awards granted to employees under UTC's LTIP were converted into Carrier, Otis and UTC stock-based awards. Unvested awards held by Carrier employees and former employees were converted to Carrier stock-based awards. The ratio used to convert the UTC LTIP awards was intended to preserve the aggregate intrinsic value of each award immediately after the Separation and the Distribution when compared with the aggregate intrinsic value immediately prior to the Separation and the Distribution. All performance share units outstanding on the Distribution Date were converted to restricted stock units using payout metrics based on a combination of actual performance through the Distribution Date and the target for the remainder of the performance period. Due to the conversion, we expect to incur $14 million of incremental stock-based compensation expense to be recognized over the awards' remaining 1.4 year vesting period.

Under Carrier's LTIP, the exercise price of awards is set on the grant date and, on a per share basis, may not be less than the fair market value of Carrier's common stock on that date. Stock appreciation rights and stock options have a term of ten years and a three-year vesting period, subject to limited exceptions. In the event of retirement, stock appreciation rights, stock options and restricted stock units held for more than one year may vest and become exercisable (if applicable), subject to certain terms and conditions. Performance share units vest based on performance relative to pre-established metrics and generally have a minimum three-year vesting period. In the event of retirement, performance share units held for more than one year remain eligible to vest based on actual performance relative to pre-established metrics.

We measure the cost of stock-based compensation, including stock options, at fair value on the grant date net of expected forfeitures and amortize the cost over the award's vesting period.

Stock-based compensation cost by award type are as follows:

(dollars in millions)	**2020**	**2019**	**2018**
Equity compensation costs - equity settled	$ 77	$ 52	$ 44
Equity compensation costs - cash settled	11	6	—
Total stock-based compensation cost	**$ 88**	**$ 58**	**$ 44**
Income tax benefit	**$ 9**	**$ 11**	**$ 10**

The stock-based compensation cost for the years ended December 31, 2019 and 2018 represent the amounts allocated to Carrier by UTC related to our direct employees. Our cash settled awards are classified as liability awards and are measured at fair value at each balance sheet date.

For the years ended December 31, 2020, 2019 and 2018, we realized tax benefits resulting from the exercise of stock options of $12 million, $16 million and $7 million, respectively. In addition, for the years ended December 31, 2020, 2019 and

2018, the associated tax benefit realized from the vesting of performance share units and restricted stock units was $9 million, $9 million and $2 million, respectively.

As of December 31, 2020, there were $91 million of unrecognized stock-based compensation costs related to non-vested awards granted under the Carrier LTIP, which will be recognized ratably over the awards weighted-average vesting period of 2.3 years.

Carrier LTIP activity for the year ended December 31, 2020 was as follows:

	Stock Options and Stock Appreciation Rights		Performance Share Units		Restricted Stock Units	
(shares and units in thousands)	**Shares**	**Average Price Per Share [1]**	**Units**	**Average Price Per Share [2]**	**Units**	**Average Price Per Share [2]**
Outstanding as of April 3, 2020 [3]	36,015	$ 19.90	68	$ 21.23	5,622	$ 21.37
Granted	3,921	17.57	728	18.23	523	21.43
Vested/Exercised	(2,620)	15.81	—	—	(483)	19.74
Forfeited/Cancelled	(584)	22.31	(24)	19.25	(88)	23.29
Outstanding as of December 31, 2020	**36,732**	**$ 19.91**	**772**	**$ 18.46**	**5,574**	**$ 21.57**

[1] Weighted-average exercise price
[2] Weighted-average grant date fair value
[3] Effective date of conversion upon the Separation and the Distribution

The weighted-average grant date fair value of stock options and stock appreciation rights granted for the years ended December 31, 2020, 2019 and 2018 was $4.67, $21.02 and $20.25, respectively. The weighted-average grant date fair value of performance share units, which vest upon achieving certain performance metrics, granted for the years ended December 31, 2020, 2019 and 2018 was $18.23, $112.76 and $131.42, respectively. The weighted-average grant date fair value of restricted stock units, granted for the years ended December 31, 2020, 2019 and 2018 was $21.43, $123.37 and $124.34, respectively. The total intrinsic value (which is the amount by which the stock price exceeded the exercise price on the date of exercise) of stock options and stock appreciation rights exercised for the years ended December 31, 2020, 2019 and 2018 was $47 million, $80 million and $43 million, respectively. The aggregate fair value (which is based on the stock price at vesting) of performance share units and restricted stock units vested was $15 million, $45 million and $14 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The following table summarizes outstanding Carrier LTIP awards that are vested and expected to vest (adjusted for expected forfeitures) and that are exercisable as of December 31, 2020:

	Equity Awards Vested and Expected to Vest				Equity Awards That Are Exercisable			
(shares and units in thousands; aggregate intrinsic value in dollars in millions)	**Awards**	**Average Price Per Share [1]**	**Aggregate Intrinsic Value**	**Remaining Life [2]**	**Awards**	**Average Price Per Share [1]**	**Aggregate Intrinsic Value**	**Remaining Life [2]**
Stock Options/ Stock Appreciation Rights	35,553	$ 19.87	$ 635	6.7	14,678	$ 17.15	$ 302	4.1
Performance Share Units/ Restricted Stock Units	6,072		$ 229	1.7				

[1] Weighted-average exercise price per share
[2] Weighted-average remaining contractual term in years for stock options and stock appreciation rights; weighted-average remaining vesting period in years for performance share units and restricted stock units

Stock Options and Stock Appreciation Rights

The Company utilizes a binomial lattice model to determine the fair value of our stock options and stock appreciation rights. The binomial lattice model relies on certain assumptions to estimate fair value. The following table indicates the assumptions used in estimating fair value for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
Volatility	32.1% to 35.6%	18.8% to 19.7%	17.5% to 21.1%
Expected term (in years)	7.0	6.5 to 6.6	6.5 to 6.6
Expected dividend yield	1.4% to 2.0%	2.4%	2.2%
Range of risk-free rates	0.1% to 1.0%	2.3% to 2.7%	1.3% to 2.7%

The assumptions for 2019 and 2018 were determined by UTC based on UTC's stock price performance. Carrier has limited historical trading data and used peer group data to estimate expected volatility for the 2020 awards. Carrier used historical Carrier employee data, including data prior to the Separation and the Distribution, to estimate expected term. The expected dividend yield is consistent with management's expectations. The risk-free rate is based on the term structure of interest rates at the time the awards were granted.

Performance Share Units

Performance share units are considered contingently issuable shares and are included in diluted earnings per share based upon the number of shares that would be awarded assuming the performance conditions existing at the end of the reporting period continued until the end of the performance period.

Carrier utilizes a Monte Carlo simulation approach based on a three-year measurement period to determine the fair value of performance share units. This approach includes the use of assumptions regarding the future performance of the Company’s stock and those of a peer group. Those assumptions include expected volatility, risk-free interest rates, correlations and dividend yield. Dividends do not accrue on the performance share units during the performance period.

Restricted Stock Units

Restricted stock units' fair value is based on the closing market price of Carrier's common stock on the respective dates of the grants. Dividends accrue on the restricted stock units during the vesting period and are paid in shares of Carrier's common stock.

NOTE 15: OTHER LONG-TERM LIABILITIES

Other long-term liabilities are as follows:

(dollars in millions)	2020	2019
Warranty related (Note 23)	$ 323	$ 288
Asbestos reserves (Note 25)	228	249
Environmental reserves (Note 25)	213	203
Asset retirement obligations (Note 25)	76	74
Self-insurance reserves (Note 25)	85	66
Tax obligations (Note 19)	459	—
Other	340	303
Other long-term liabilities	**$ 1,724**	**$ 1,183**

NOTE 16: ACCUMULATED OTHER COMPREHENSIVE LOSS

A summary of the changes in each component of Accumulated other comprehensive loss, net of tax is as follows:

(dollars in millions)	**Foreign Currency Translation**	**Defined Benefit Pension and Post-retirement Plans**	**Unrealized Hedging Gains (Losses)**	**Accumulated Other Comprehensive Loss**
Balance as of January 1, 2018	$ (393)	$ (222)	$ (2)	$ (617)
Other comprehensive loss before reclassifications, net	(441)	(209)	—	(650)
Amounts reclassified, pre-tax	—	17	2	19
Tax benefit reclassified	—	33	—	33
Balance as of December 31, 2018	**$ (834)**	**$ (381)**	**$ —**	**$ (1,215)**
Other comprehensive income (loss) before reclassifications, net	52	(109)	—	(57)
Amounts reclassified, pre-tax	2	11	—	13
Tax benefit reclassified	—	15	—	15
ASU 2018-02 adoption impact	—	(9)	—	(9)
Balance as of December 31, 2019	**$ (780)**	**$ (473)**	**$ —**	**$ (1,253)**
Other comprehensive income before reclassifications, net	589	2	—	591
Amounts reclassified, pre-tax	—	(105)	—	(105)
Tax benefit reclassified	—	22	—	22
Balance as of December 31, 2020	**$ (191)**	**$ (554)**	**$ —**	**$ (745)**

Amounts reclassified related to defined benefit pension and post-retirement plans include amortization of prior service costs and recognized actuarial net losses. These costs are recorded as components of net periodic pension cost for each period presented. See Note 13 – *Employee Benefit Plans* for additional information.

NOTE 17: RESTRUCTURING COSTS

We recorded net pre-tax restructuring costs for new and ongoing restructuring actions as follows:

(dollars in millions)	**2020**	**2019**	**2018**
HVAC	$ 7	$ 56	$ 20
Refrigeration	12	14	23
Fire & Security	28	53	34
Eliminations and other	2	3	3
Total restructuring costs	**$ 49**	**$ 126**	**$ 80**

Restructuring charges incurred primarily relate to actions initiated for the years ended December 31, 2020, 2019 and 2018 and were recorded as follows:

(dollars in millions)	**2020**	**2019**	**2018**
Cost of sales	$ 20	$ 36	$ 36
Selling, general and administrative	29	90	44
Total restructuring costs	**$ 49**	**$ 126**	**$ 80**

For the year ended December 31, 2020, we had cash outflows totaling $55 million related to restructuring activities.

2020 Actions. For the year ended December 31, 2020, we recorded net pre-tax restructuring costs of $47 million for restructuring actions initiated in 2020, consisting of $21 million in Cost of products sold and Cost of services sold and $26 million in Selling, general and administrative. The 2020 actions relate to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations. We are targeting to complete the majority of the remaining actions in 2021.

The following table summarizes the accrual balance and utilization for the 2020 restructuring actions:

(dollars in millions)	Severance	Facility Exit, Lease Termination and Other Costs	Total
Restructuring accrual as of January 1, 2020	$ —	$ —	$ —
Net pre-tax restructuring costs	39	8	47
Utilization, foreign exchange and other costs	(14)	(6)	(20)
Balance as of December 31, 2020	**$ 25**	**$ 2**	**$ 27**

The following table summarizes expected, incurred and remaining costs for the 2020 restructuring actions by segment:

(dollars in millions)	Expected Costs	Costs Incurred During 2020	Remaining Costs as of December 31, 2020
HVAC	$ 22	$ (7)	$ 15
Refrigeration	16	(14)	2
Fire & Security	32	(24)	8
Eliminations and other	5	(2)	3
Total	**$ 75**	**$ (47)**	**$ 28**

2019 Actions. For the year ended December 31, 2020, we recorded net pre-tax restructuring costs totaling $2 million for restructuring actions initiated in 2019, consisting of $0 million in Cost of products sold and Cost of services sold and $2 million in Selling, general and administrative, respectively. The 2019 actions relate to ongoing cost reduction efforts, including workforce reductions and consolidation of field operations. The following table summarizes the accrual balances and utilization for the 2019 restructuring actions:

(dollars in millions)	Severance	Facility Exit, Lease Termination and Other Costs	Total
Restructuring accrual as of January 1, 2019	$ —	$ —	$ —
Net pre-tax restructuring costs	102	8	110
Utilization, foreign exchange and other costs	(60)	(7)	(67)
Balance as of December 31, 2019	$ 42	$ 1	$ 43
Net pre-tax restructuring costs	1	1	2
Utilization, foreign exchange and other costs	(28)	(1)	(29)
Balance as of December 31, 2020	**$ 15**	**$ 1**	**$ 16**

The following table summarizes expected, incurred and remaining costs for the 2019 restructuring actions by segment:

(dollars in millions)	Expected Costs	Costs Incurred During 2019	Costs Incurred During 2020	Remaining Costs as of December 31, 2020
HVAC	$ 52	$ (51)	$ —	$ 1
Refrigeration	13	(14)	1	—
Fire & Security	47	(43)	(3)	1
Eliminations and other	2	(2)	—	—
Total	**$ 114**	**$ (110)**	**$ (2)**	**$ 2**

2018 and Prior Actions. For the year ended December 31, 2020, we recorded net pre-tax restructuring costs totaling $0 million for restructuring actions initiated in 2018 and prior. As of December 31, 2020 and 2019, we had approximately $6 million and $23 million, respectively, of accrual balances remaining related to 2018 and prior actions.

NOTE 18: OTHER INCOME (EXPENSE), NET

(dollars in millions)	**2020**	**2019**	**2018**
Transaction gains	$ 1,123	$ —	$ 799
Impairment charge on minority-owned joint venture investments	(72)	(108)	—
Other	(45)	106	138
Other income (expense), net	**$ 1,006**	**$ (2)**	**$ 937**

The transaction gain recorded for the year ended December 31, 2020 relates to the sale of shares in Beijer (see Note 6 – *Equity Method Investments and Related Parties* for additional information) and the transaction gain for the year ended December 31, 2018 relates to the sale of Taylor. See Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* for additional information.

NOTE 19: INCOME TAXES

Income Before Income Taxes. The sources of income from operations before income taxes are as follows:

(dollars in millions)	**2020**	**2019**	**2018**
United States	$ 915	$ 1,460	$ 2,360
Foreign	1,940	1,212	1,482
Total	**$ 2,855**	**$ 2,672**	**$ 3,842**

Provision for Income Taxes. The income tax expense (benefit) consisted of the following components:

(dollars in millions)	**2020**	**2019**	**2018**
Current:			
United States:			
Federal	$ 434	$ 262	$ 479
State	74	72	119
Foreign	244	305	342
	752	639	940
Future:			
United States:			
Federal	13	(14)	(37)
State	6	(2)	24
Foreign	78	(106)	146
	97	(122)	133
Income tax expense	**$ 849**	**$ 517**	**$ 1,073**

Reconciliation of Effective Income Tax Rate. The differences between the effective income tax rate and the statutory U.S. federal income tax rate are as follows:

	2020	2019	2018
Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %
State income tax	1.7	2.5	2.6
Tax on international activities	4.2	3.3	4.4
Separation impact	3.4	(0.7)	—
Tax audit settlements	—	(5.6)	—
Other	(0.6)	(1.1)	(0.1)
Effective income tax rate	**29.7 %**	**19.4 %**	**27.9 %**

The effective tax rate for the year ended December 31, 2020 reflects a $51 million charge related to a valuation allowance recorded against a United Kingdom tax loss and a credit carry forward and a charge of $46 million resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings. These items were impacted by the Separation and are included in "Separation impact" in the previous table.

The effective tax rate for the year ended December 31, 2019 reflects a net tax benefit of $149 million as a result of the filing by a Carrier subsidiary to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of an audit by the IRS for UTC's 2014, 2015 and 2016 tax years.

The effective tax rate for the year ended December 31, 2018 reflects a net tax charge of $102 million as a result of UTC ceasing to assert that it intended to reinvest certain undistributed earnings of its international subsidiaries.

Deferred Tax Assets and Liabilities. Future income taxes represent the tax effects of transactions, which are reported in different periods for tax and U.S. GAAP purposes. These amounts consist of the tax effects of differences between tax and U.S. GAAP that are expected to be reversed in the future and tax carryforwards. Future income tax benefits and payables within the same tax paying component of a particular jurisdiction are offset for presentation in the Consolidated Balance Sheet.

The tax effects of temporary differences and tax carryforwards which give rise to future income tax benefits and payables as of December 31, 2020 and 2019 are as follows:

(dollars in millions)	2020	2019
Future income tax benefits:		
Insurance and employee benefits	$ 109	$ 76
Other assets basis differences	152	128
Other liabilities basis differences	487	556
Tax loss carryforward	258	236
Tax credit carryforward	63	55
Valuation allowances	(231)	(128)
	$ 838	**$ 923**
Future income tax payables:		
Goodwill and intangible assets	411	392
Other asset basis differences	336	297
	$ 747	**$ 689**

Valuation allowances have been established primarily for tax credit carryforwards, tax loss carryforwards and certain foreign temporary differences to reduce future income tax benefits to expected realizable amounts.

Tax Credit and Loss Carryforwards. As of December 31, 2020, tax credit carryforwards and tax loss carryforwards were as follows:

(dollars in millions)	**Tax Loss Carryforwards**	**Tax Credit Carryforwards**
Expiration period:		
2021-2025	$ 126	$ 7
2026-2030	53	5
2031-2040	17	4
Indefinite	949	47
Total	**$ 1,145**	**$ 63**

The Company assesses the realizability of our deferred tax assets on a quarterly basis through an analysis of potential sources of future taxable income, including prior year taxable income available to absorb a carryback of tax losses, reversals of existing taxable temporary differences, tax planning strategies and forecasts of taxable income. The Company considers all negative and positive evidence, including the weight of the evidence, to determine if valuation allowances against deferred tax assets are required. The Company maintains valuation allowances against certain deferred tax assets, primarily in Non-U.S. jurisdictions.

Unrecognized Tax Benefits. As of December 31, 2020, Carrier had unrecognized tax benefits of $162 million, all of which, if recognized, would impact Carrier's effective tax rate. A reconciliation of the beginning and ending amounts of unrecognized tax benefits and related interest expense is as follows:

(dollars in millions)	**2020**	**2019**	**2018**
Balance at beginning of period	$ 166	$ 316	$ 290
Additions for tax positions related to the current year	22	30	27
Additions for tax positions of prior years	14	14	3
Reductions for tax positions of prior years [(1)]	(40)	(19)	(4)
Settlements	—	(175)	—
Balance at end of period	**$ 162**	**$ 166**	**$ 316**
Gross interest expense related to unrecognized tax benefits	**$ 6**	**$ 8**	**$ 8**
Total accrued interest balance at end of period	**$ 25**	**$ 25**	**$ 33**

[(1)] Includes an adjustment of $37 million recorded in UTC Net investment for the year ended December 31, 2020 for tax positions of prior years.

Carrier conducts business globally and, as a result, Carrier and our subsidiaries file income tax returns in the U.S. federal, various state and foreign jurisdictions. In certain jurisdictions, Carrier’s operations were included in UTC's combined tax returns for the periods through the Separation and the Distribution. The IRS commenced an audit of UTC's tax years 2017 and 2018 in the second quarter of 2020. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including U.S., Australia, Belgium, Canada, China, Czech Republic, France, Germany, Hong Kong, India, Italy, Mexico, the Netherlands, Singapore and the United Kingdom. Carrier is no longer subject to U.S. federal income tax examination for years prior to 2017 and, with few exceptions, is no longer subject to U.S. state and local and foreign income tax examinations for tax years before 2010.

During the second quarter of 2019, a subsidiary of Carrier that was engaged in litigation before the Italian Supreme Court filed to participate in the Italian amnesty program. In addition, during the second quarter of 2019, the IRS completed its review of UTC’s 2014, 2015 and 2016 tax years and certain U.S. state income tax exams concluded. As a result of the amnesty filing in Italy and the conclusion of the IRS and U.S. state audits, Carrier recognized a non-cash gain of approximately $166 million, including pre-tax interest of approximately $16 million.

The U.S. Treasury finalized the GILTI High Tax Exclusion ("HTE") regulations in the third quarter of 2020. The HTE regulations permit an election to apply the regulations retroactively to the years 2018 and 2019. In accordance with the TMA, if the HTE election were made on an amended return by the Company for 2018 and 2019, UTC would be entitled to any federal

tax benefit. On a stand-alone basis, the Company did not record a benefit from the HTE regulation associated with the years 2018 and 2019 and the amount would not have been material to the Consolidated Statement of Operations.

As a result of the TCJA, Carrier no longer intends to reinvest certain undistributed earnings of our international subsidiaries that have been previously taxed in the U.S. As such, Carrier has recorded the taxes associated with the future remittance of these earnings. For the remainder of Carrier's undistributed international earnings, unless tax effective to repatriate, Carrier intends to continue to permanently reinvest these earnings. As of December 31, 2020 such undistributed earnings were approximately $7 billion, excluding other comprehensive income amounts. It is not practicable to estimate the amount of tax that might be payable on the remaining amounts.

We relied upon certain historical tax return information and allocations that were provided by UTC in the computation of certain U.S. deferred tax assets and liabilities. These deferred tax items could change as a result of the finalization of our 2020 pre-separation period U.S. income tax returns and these changes could be material.

Pursuant to the TMA, Carrier is required to make payments to UTC representing Carrier's portion of UTC's remaining net tax liability attributable to U.S. income tax on previously undistributed earnings of Carrier's international subsidiaries resulting from the passage of the TCJA. The amounts computed on a separate company basis of approximately $68 million recorded within Accrued liabilities and $701 million recorded within Future income tax obligations were adjusted through UTC Net investment upon the Separation and the Distribution. For the year ended December 31, 2020, $6 million of this obligation was paid, resulting in an obligation to UTC of $453 million recorded within Other Long-Term Liabilities as of December 31, 2020. The remaining obligation is expected to be settled in five annual payments, beginning in April of 2022.

After the Separation and the Distribution, Carrier has been entitled to unrecognized tax benefits to the extent the item relates exclusively to Carrier in accordance with the TMA. The change from a separate company to stand-alone basis resulted in a $37 million decrease to Future income tax obligations which were recorded through UTC Net investment.

In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management’s evaluation of the facts, circumstances and information available at the reporting date. It is reasonably possible that a net decrease in unrecognized tax benefits from $10 million to $35 million may occur within 12 months as a result of additional worldwide uncertain tax positions, the revaluation of uncertain tax positions arising from examinations, appeals, court decisions or the closure of tax statutes.

NOTE 20: FINANCIAL INSTRUMENTS

We enter into derivative instruments primarily for risk management purposes. We operate internationally, and in the normal course of business, we are exposed to fluctuations in foreign exchange rates. These fluctuations can increase the costs of operating our business. We have used derivative instruments, such as forward contracts, to manage certain foreign currency risk.

The following table summarizes the fair value and presentation in the Consolidated Balance Sheet for derivative instruments:

(dollars in millions)	**Balance Sheet Location**	**2020**	**2019**
Derivatives not designated as hedging instruments:			
Foreign exchange contracts	Asset Derivatives:		
	Other assets, current	$ 17	$ —
	Liability Derivatives:		
	Accrued liabilities	$ (5)	$ —

NOTE 21: FAIR VALUE MEASUREMENTS

In accordance with the provisions of ASC Topic 820: *Fair Value Measurement*, the following tables provide the valuation hierarchy classification of assets and liabilities that are recorded at fair value and measured on a recurring basis in our Consolidated Balance Sheet:

(dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
December 31, 2020				
Recurring fair value measurement:				
Money market mutual funds	$ 38 [1]	$ —	$ 38	$ —
Derivative assets	$ 17	$ —	$ 17	$ —
Derivative liabilities	$ (5)	$ —	$ (5)	$ —

[1] Included in Cash and cash equivalents on the accompanying Consolidated Balance Sheet.

Valuation Techniques. Our derivative assets and liabilities are measured at fair value using internal models based on observable market inputs, including forward rate, interest rate, contract rate and discount rate.

The following table provides the carrying amounts and fair values of financial instruments that are not recorded at fair value in our Consolidated Balance Sheet:

	2020		**2019**	
(dollars in millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Current and long-term debt (excluding finance leases)	$ 10,221	$ 11,115	$ 313	$ 313

The following tables provide the valuation hierarchy classification of assets and liabilities that are not carried at fair value in our Consolidated Balance Sheet:

2020

(dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Current and long-term debt (excluding finance leases)	$ 11,115	$ 10,811	$ —	$ 304

2019

(dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Current and long-term debt (excluding finance leases)	$ 313	$ —	$ —	$ 313

Valuation Techniques. As of December 31, 2020, the project financing obligations included in Long-term debt approximate their fair value. For the years ended December 31, 2020 and 2019 there were no transfers in or out of levels 1, 2 or 3.

The following table presents changes in Level 3 liabilities not measured at fair value on a recurring basis:

(dollars in millions)	**2020**	**2019**
Fair value as of January 1	$ 313	$ 291
Issuances, including interest on project financing obligations	152	160
Settlements	(161)	(138)
Fair value as of December 31	**$ 304**	**$ 313**

NOTE 22: LEASES

Operating lease expense for the years ended December 31, 2020 and 2019 was $197 million and $206 million, respectively.

Supplemental cash flow information related to operating leases was as follows:

(dollars in millions)	**2020**	**2019**
Operating cash flows for measurement of operating lease liabilities	$ (213)	$ (201)
Operating lease right-of-use assets obtained in exchange for operating lease obligations	$ 169	$ 136

Operating lease right-of-use assets and liabilities are reflected on our Consolidated Balance Sheet as follows:

(dollars in millions except lease term and discount rate)	**2020**	**2019**
Operating lease right-of-use assets	$ 788	$ 832
Accrued liabilities	$ (161)	$ (163)
Operating lease liabilities	(642)	(682)
Total operating lease liabilities	**$ (803)**	**$ (845)**

Supplemental balance sheet information related to operating leases was as follows:

	2020	**2019**
Weighted-Average Remaining Lease Term (in years)	7.7	8.0
Weighted-Average Discount Rate	3.4 %	3.6 %

Undiscounted maturities of operating lease liabilities, including options to extend lease terms that are reasonably certain of being exercised, as of December 31, 2020 are as follows:

(dollars in millions)	
2021	$ 180
2022	152
2023	127
2024	102
2025	80
Thereafter	298
Total undiscounted lease payments	939
Less: imputed interest	(136)
Total discounted lease payments	**$ 803**

Prior to the adoption of the New Lease Accounting Standard, rent expense was $167 million for the year ended December 31, 2018 and rental commitments on an undiscounted basis as of December 31, 2018 under long-term non-cancellable operating leases were payable as follows:

(dollars in millions)	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**
Operating lease commitments	$ 189	$ 146	$ 110	$ 77	$ 52	$ 111

NOTE 23: GUARANTEES

The Company has commitments and performance guarantees, including energy savings guarantees, under long-term service and maintenance contracts related to our air conditioning equipment and system controls. Liabilities recorded on the Consolidated Balance Sheet related to these guarantees were not significant during the historical periods presented.

The Company also has obligations arising from sales of certain businesses and assets, including those from representations and warranties and related indemnities for, among other matters, environmental, health and safety (including asbestos-related), tax and employment matters. The maximum potential payment related to these obligations is not a specified amount, as a

number of the obligations do not contain financial caps. The carrying amount of liabilities related to these obligations was $17 million and $10 million as of December 31, 2020 and 2019, respectively, recorded within Accrued liabilities on the accompanying Consolidated Balance Sheet. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

The changes in the carrying amount of service and product warranties and product performance guarantees, included in Accrued liabilities on the accompanying Consolidated Balance Sheet are as follows:

(dollars in millions)	**2020**	**2019**
Balance as of January 1	$ 488	$ 473
Warranties, performance guarantees issued and changes in estimated liability	167	182
Settlements made	(146)	(164)
Other	5	(3)
Balance as of December 31	**$ 514**	**$ 488**

NOTE 24: SUPPLEMENTAL CASH FLOW INFORMATION

(dollars in millions)	**2020**	**2019**	**2018**
Interest paid, net of amounts capitalized	$ 196	$ 28	$ 16
Interest paid - related party	$ —	$ 55	$ 59
Income taxes paid for - related party	$ —	$ 475	$ 649
Income taxes paid, net of refunds	$ 819	$ 284	$ 276

NOTE 25: COMMITMENTS AND CONTINGENT LIABILITIES

The Company is unable to predict the final outcome of the following matters based on the information currently available except as otherwise noted. However, the Company does not believe that the resolution of any of these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

Environmental. The Company's operations are subject to environmental regulation by various authorities. We have accrued for the costs of environmental remediation activities, including but not limited to, investigatory, remediation, operating and maintenance costs and performance guarantees, and we periodically reassess these amounts. Management believes that the likelihood of incurring losses materially in excess of the amounts accrued is remote. As of December 31, 2020 and 2019, the outstanding liability for environmental obligations was $239 million and $217 million, respectively, of which $26 million and $14 million, respectively, is included in Accrued liabilities and $213 million and $203 million, respectively, is included in Other long-term liabilities on the accompanying Consolidated Balance Sheet.

Legal Proceedings.

Asbestos Matters. The Company and our consolidated subsidiaries have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos allegedly integrated into certain Carrier products or business premises. While the Company has never manufactured asbestos and no longer incorporates it into any currently-manufactured products, certain products that Carrier no longer manufactures contained components incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos-related claims were not material individually or in the aggregate in any period.

As of December 31, 2020, the estimated range of liability to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately $245 million to $276 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of $245 million and $255 million, of which $228 million and $249 million is recorded in Other long-term liabilities, on the accompanying Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively. In addition, the Company has an insurance recovery receivable for probable asbestos-related recoveries of approximately $103 million and $104 million, of which $97 million and $102 million is included in Other assets, on the accompanying Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively.

Aqueous Film Forming Foam Litigation. AFFF is a firefighting foam developed in the 1970s pursuant to U.S. military specification and used to extinguish certain types of fires primarily at airports and military bases. AFFF was manufactured by several companies, including National Foam and Angus Fire. UTC acquired the National Foam and Angus Fire businesses in 2005 as part of the acquisition of Kidde, which has been operated by Carrier. In 2013, UTC divested the National Foam and Angus Fire businesses to a third party.

Carrier and many other parties, including the third-party buyer of the National Foam and Angus Fire businesses, have been named as defendants in over 700 cases, including putative class actions and other lawsuits, alleging that the historic use of AFFF caused personal injuries and property damage. Additionally, several state and municipal plaintiffs have commenced litigation against the same defendants to recover remediation costs related to historic use of AFFF. In December 2018, the U.S. Judicial Panel on MDL transferred and consolidated all of the AFFF cases pending in the federal courts to the U.S. District Court for the District of South Carolina for pre-trial proceedings.

Plaintiffs in the MDL allege that a chemical ingredient in AFFF contains, or breaks down into, compounds known as PFOS and PFOA that were released into the environment and, in some instances, ultimately leached into drinking water supplies. National Foam and Angus Fire purchased these perflourinated chemical ingredients from third-party chemical manufacturers to manufacture AFFF. Chemicals containing PFOS and PFOA (or their precursors) have also been used for decades by many third parties to manufacture carpets, clothing, fabrics, cookware and other consumer products. The individual plaintiffs in the MDL generally seek compensatory damages for alleged personal injuries, medical monitoring and diminution in property value and injunctive relief to remediate alleged contamination of water supplies. The state, municipal and water utility plaintiffs in the MDL generally seek damages and costs related to the remediation of public property and water supplies.

Carrier and other defendants are also party to fewer than 10 cases in state court brought by oil refining companies in the U.S. alleging product liability claims related to legacy sales of AFFF and seeking damages for the costs to replace the product and for property damage.

Carrier and other defendants are also party to an action related to the AFFF manufacturing facility that was operated by National Foam in which the plaintiff water utility seeks remediation costs related to the alleged contamination of the local water supply.

We believe that we have meritorious defenses to these claims. We are also seeking insurance coverage for these claims. At this time, however, given the numerous factual, scientific and legal issues to be resolved relating to these claims, Carrier is unable to assess the probability of liability or reasonably estimate the damages, if any, to be allocated to Carrier, if one or more plaintiffs were to prevail in these cases, and there can be no assurance that any such future exposure will not be material in any period.

UTC Equity Awards Conversion Litigation. On August 12, 2020, several former employees of UTC and its subsidiaries filed a putative class action complaint in the U.S. District Court for the District of Connecticut against Raytheon Technologies Corporation, Carrier, Otis, the former members of the UTC Board of Directors and the members of the Carrier and Otis Boards of Directors (*Geraud Darnis, et al. v. Raytheon Technologies Corporation, et al.*). The complaint challenges the method by which UTC equity awards were converted to UTC, Carrier and Otis equity awards following the Separation and the Distribution. The complaint asserts that the defendants are liable for breach of certain equity compensation plans and for breach of fiduciary duty and also asserts claims under certain provisions of ERISA. Carrier believes that the claims against the Company are without merit.

Income Taxes. As described in Note 1 – *Description of the Business*, under the TMA, the Company is responsible to UTC for its share of the TCJA transition tax associated with foreign undistributed earnings as of December 31, 2017. As of December 31, 2020, a liability of $72 million, primarily related to our share of TCJA transition tax associated with foreign undistributed earnings is included within Other long-term liabilities on the accompanying Consolidated Balance Sheet. We believe that the likelihood of incurring losses materially in excess of this amount is remote.

Self-insurance. Liabilities related to self-insured risks were $249 million and $239 million as of December 31, 2020 and 2019, respectively, of which $85 million and $66 million were primarily classified as Other long-term liabilities as of December 31, 2020 and 2019, respectively. We incurred expenses related to self-insured risks of $145 million, $177 million and $170 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Other. The Company has other commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising in the ordinary course of business. The Company accrues for contingencies generally based upon a range of possible outcomes. If no amount within the range is a better estimate than any other, the Company accrues the minimum amount.

In the ordinary course of business, Carrier is routinely a defendant in, party to or otherwise subject to pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial monetary damages are asserted against the Company and our subsidiaries and could result in fines, penalties, compensatory or treble damages or non-monetary relief. We do not believe that these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

NOTE 26: SEGMENT FINANCIAL DATA

The Company's Chief Executive Officer, our CODM, evaluates how we allocate resources, assess performance and make strategic and operational decisions. Based upon such evaluation, Carrier determined it is organized into three operating segments, which are also our reportable segments. The CODM allocates resources to and evaluates the financial performance of each operating segment primarily based on net sales and operating profit. For the years ended December 31, 2020, 2019 and 2018, segment results are presented in accordance with this structure. Carrier's operating segments are HVAC, Refrigeration and Fire & Security.

HVAC provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Carrier’s industry-leading family of brands includes Carrier, Automated Logic, BluEdge, Bryant, CIAT, Day & Night, Heil, NORESCO, Riello and Tempstar. Products include air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions. Our HVAC products and solutions are sold directly, including to building contractors and owners, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers, dealers and retail outlets.

Refrigeration is comprised of transport refrigeration and commercial refrigeration products and solutions. Transport refrigeration products and services include refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail. Transport refrigeration products and cold chain monitoring solutions are used to enable the safe, reliable transport of food and beverages, medical supplies and other perishable cargo. Commercial refrigeration solutions include refrigerated cabinets, freezers, systems and controls. Carrier’s commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of retail food and beverage. The Company’s Refrigeration products and services are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Refrigeration products and services are sold directly, including to transportation companies and retail stores, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers and dealers.

Fire & Security includes a wide range of residential and building systems, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems. Other fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance and repair and monitoring services.

Segment Information. Segment information for the periods presented are as follows:

	Net Sales			Operating Profit		
(dollars in millions)	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
HVAC	$ 9,478	$ 9,712	$ 9,713	$ 2,462	$ 1,563	$ 1,720
Refrigeration	3,333	3,792	4,095	357	532	1,353
Fire & Security	4,985	5,500	5,531	584	708	726
Total segment	17,796	19,004	19,339	3,403	2,803	3,799
Eliminations and other	(340)	(396)	(425)	(184)	(156)	(24)
General corporate expenses	—	—	—	(136)	(156)	(138)
Consolidated	**$ 17,456**	**$ 18,608**	**$ 18,914**	**$ 3,083**	**$ 2,491**	**$ 3,637**

Total assets are not presented for each segment as they are not presented to or reviewed by the CODM.

	Segment Assets		Capital Expenditures			Depreciation & Amortization		
(dollars in millions)	**2020**	**2019**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
HVAC	$ 2,150	$ 1,953	$ 188	$ 150	$ 149	$ 163	$ 160	$ 164
Refrigeration	1,125	989	26	30	40	39	34	36
Fire & Security	1,788	1,728	51	50	45	108	123	141
Total Segment	5,063	4,670	265	230	234	310	317	341
Eliminations and other	3	10	47	13	29	26	18	16
Consolidated	**$ 5,066**	**$ 4,680**	**$ 312**	**$ 243**	**$ 263**	**$ 336**	**$ 335**	**$ 357**
Cash and cash equivalents	3,115	952						
Other assets, current	343	327						
Total current assets	**$ 8,524**	**$ 5,959**						

Segment assets in the previous table represent accounts receivable, current contract assets and inventories, net. These assets are regularly reviewed by management and are therefore reported in the previous table as segment assets. All other remaining assets and liabilities for all periods presented are managed on a company-wide basis.

Geographic External Sales. Geographic external sales and operating profits are attributed to the geographic regions based on their location of origin. With the exception of the U.S. as presented in the following table, there were no individually significant countries with sales exceeding 10% of total sales for the years ended December 31, 2020, 2019 and 2018.

	External Sales			Long-Lived Assets	
(dollars in millions)	**2020**	**2019**	**2018**	**2020**	**2019**
United States Operations	$ 9,105	$ 9,594	$ 9,415	$ 782	$ 701
International Operations					
Europe	4,935	5,327	5,711	490	439
Asia Pacific	2,655	2,813	2,853	249	241
Other	761	874	935	289	282
Consolidated	**$ 17,456**	**$ 18,608**	**$ 18,914**	**$ 1,810**	**$ 1,663**

Product sales and Service sales. Segment sales disaggregated by product and service are as follows:

(dollars in millions)	2020	2019	2018
Sales Type			
Product	$ 8,165	$ 8,279	$ 8,395
Service	1,313	1,433	1,318
HVAC sales	9,478	9,712	9,713
Product	2,927	3,405	3,665
Service	406	387	430
Refrigeration sales	3,333	3,792	4,095
Product	3,585	4,072	4,039
Service	1,400	1,428	1,492
Fire & Security sales	4,985	5,500	5,531
Total segment sales	17,796	19,004	19,339
Eliminations and other	(340)	(396)	(425)
Consolidated	**$ 17,456**	**$ 18,608**	**$ 18,914**

NOTE 27: SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	2020 Quarters			
(dollars in millions)	Q1	Q2	Q3	Q4
Net sales	$ 3,888	$ 3,972	$ 5,002	$ 4,594
Operating profit [1]	$ 315	$ 442	$ 1,081	$ 1,245
Net income attributable to common shareowners [2]	$ 96	$ 261	$ 741	$ 884
Earnings per share - basic [3]	$ 0.11	$ 0.30	$ 0.86	$ 1.02
Earnings per share - diluted [3]	$ 0.11	$ 0.30	$ 0.84	$ 1.00

	2019 Quarters			
	Q1	Q2	Q3	Q4
Net sales	$ 4,323	$ 4,962	$ 4,822	$ 4,501
Operating profit [1]	$ 500	$ 805	$ 629	$ 557
Net income attributable to common shareowners [2]	$ 400	$ 784	$ 492	$ 440
Earnings per share - basic [3]	$ 0.46	$ 0.91	$ 0.57	$ 0.50
Earnings per share - diluted [3]	$ 0.46	$ 0.91	$ 0.57	$ 0.50

[1] Q3 2020 and Q4 2020 Operating profit includes a $252 million and $871 million gain on the sale of our equity ownership in Beijer, respectively. Q1 2020 Operating profit includes a $71 million impairment charge related to a minority owned joint venture investment. Q3 2019 Operating profit includes a $108 million impairment charge related to a minority owned joint venture investment.

[2] Q1 2020 Net income includes a $51 million charge related to a valuation allowance recorded against a United Kingdom tax loss and a credit carryforward and a charge of $46 million resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings. Q2 2019 Net income includes a tax benefit of $149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and conclusion of a U.S. income tax audit.

[3] Earnings per share for periods presented prior to the Separation and the Distribution were calculated using the number of shares that were distributed to UTC shareowners in the Distribution. For periods prior to the Separation and the Distribution it was assumed that there were no dilutive equity instruments as there were no equity awards in Carrier common stock outstanding prior to the Separation and the Distribution.

NOTE 28: SUBSEQUENT EVENTS

On February 4, 2021 the Company’s Board of Directors approved a stock repurchase program authorizing the repurchase of up to $350 million of the Company’s outstanding common stock. Share repurchases may take place from time to time, subject to market conditions and at the Company’s discretion in the open market or through one or more other public or private transactions.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures — We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

In accordance with Rule 13a-15(b) of the Exchange Act, management has conducted an evaluation, under the supervision and with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020.

Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2020.

Management's Report on Internal Control Over Financial Reporting — This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation of the Company's independent registered public accounting firm due to the transition period established by the rules of the SEC for newly created public companies.

Changes in Internal Control Over Financial Reporting — There were no changes in our internal control over financial reporting for the three months ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by Item 10 with respect to directors, the Audit Committee of the Board of Directors and audit committee financial experts is incorporated herein by reference to the sections of our Proxy Statement for the 2021 Annual Meeting of Shareowners entitled "Election of Directors" (under the subheading "Nominees") and "Corporate Governance" (including under the subheading "Board Committees").

Information about our Executive Officers

The following persons are executive officers of Carrier Global Corporation:

Name	Position	Age as of February 9, 2021
John V. Faraci	Executive Chairman	70
David Gitlin	President and Chief Executive Officer	51
Ajay Agrawal	Senior Vice President, Strategy & Services	57
David Appel	President, Refrigeration	65
Kyle Crockett	Vice President, Controller	47
Patrick Goris	Senior Vice President and Chief Financial Officer	49
Christopher Nelson	President, HVAC	50
Kevin J. O'Connor	Senior Vice President, Chief Legal Officer	53
Jurgen Timperman	President, Fire & Security	48
Nadia Villeneuve	Senior Vice President, Chief Human Resources Officer	48

John V. Faraci. Mr. Faraci was elected Executive Chairman of Carrier upon the completion of the Distribution. Mr. Faraci previously served as Chairman and Chief Executive Officer of International Paper (paper, packaging and distribution) from 2003 to 2014. Earlier in 2003, he served as President and director of that company, and served as its Executive Vice President and Chief Financial Officer from 2000 to 2003. Mr. Faraci is a director of ConocoPhillips Company, PPG Industries, Inc. and United States Steel Corporation, and was a director of UTC before the Separation.

David Gitlin. Mr. Gitlin was appointed President and Chief Executive Officer of Carrier in June 2019 and held the position of President, HVAC from December 2019 to March 2020. He most recently served as President and Chief Operating Officer of Collins Aerospace from 2018 to 2019 and President of UTC Aerospace Systems from 2015 to 2018. Between 2013 and 2015, Mr. Gitlin was President, Aircraft Systems, UTC Aerospace Systems. Mr. Gitlin joined UTC in 1997 and held various senior positions, including the following with Hamilton Sundstrand: President of Aerospace Customers & Business Development; Vice President of Auxiliary Power, Engine & Control Systems; Vice President and General Manager Power Systems; Vice President of Pratt & Whitney programs; and General Manager of Rolls-Royce/General Electric programs. Before joining Hamilton Sundstrand, he served in roles at UTC headquarters and Pratt & Whitney.

Ajay Agrawal. Mr. Agrawal was appointed Senior Vice President, Strategy & Services of Carrier in October 2019. He most recently served as Vice President, Aftermarket Services, and Vice President responsible for Rockwell Collins integration for Collins Aerospace, a UTC company, from August 2015 to September 2019 and as Vice President, Aftermarket and Programs at the Pratt & Whitney division of UTC from 2009 to July 2015. Prior to that he served in a variety of leadership roles in UTC from 2005 to 2009, including head of Financial Planning and Analysis for UTC, Vice President of Strategy and Business Development at Hamilton Sundstrand and Senior Director of Strategy and Development at UTC.

David Appel. Mr. Appel was appointed President, Refrigeration of Carrier in 2010. Prior to that, he held several roles within Carrier's business, including President, HVAC for Europe, the Middle East and Africa (EMEA) from 2009 to 2010; President, Building Systems & Service EMEA from 2006 to 2009; Vice President, European HVAC Distribution from 2003 to 2006; and Managing Director for Toshiba Carrier UK from 2002 to 2003.

Kyle Crockett. Mr. Crockett was appointed Vice President, Controller of Carrier in January 2020. He joined Carrier from General Motors where he held several positions, including Director, Global Business Solutions – Finance from 2017 to 2020.

Patrick Goris. Mr. Goris was appointed Senior Vice President and Chief Financial Officer of Carrier, effective November 16, 2020. Since 2017, Mr. Goris has served as the Senior Vice President and Chief Financial Officer of Rockwell Automation, Inc., a publicly traded provider of industrial automation and digital transformation solutions.

Christopher Nelson. Mr. Nelson was appointed President, HVAC in March 2020. Previously, he held many roles at Carrier including, President, HVAC − Commercial from 2018 to March 2020; President, North American HVAC from 2012 to 2018; Vice President, Sales & Marketing for Residential & Commercial Systems from 2008 to 2012; Vice President and

General Manager, Light Commercial Systems from 2006 to 2008; and Director of Residential Ducted System Platforms from 2004 to 2006.

Kevin J. O'Connor. Mr. O'Connor was appointed Senior Vice President, Chief Legal Officer in March 2020. He joined Carrier from Point72 Asset Management where he served as Chief Legal Officer from 2015 through 2019 and as Vice President, General Counsel & Government Relations of Carrier from January 2020 to March 2020. Prior to that he served as Vice President, Global Ethics and Compliance for UTC from 2012 to 2015.

Jurgen Timperman. Mr. Timperman was appointed President, Fire & Security of Carrier in February 2019. Prior to that, he held several other roles within UTC's fire and security business, including President, Global Fire & Security Products from 2017 to 2019, President, Global Security Products from 2015 to 2017, President, Security & Access Solutions from 2012 to 2015, President, Fire & Security Operations from 2011 to 2012 and Regional General Manager, Global Security Products, Middle East and Africa from 2009 to 2011.

Nadia Villeneuve. Ms. Villeneuve was appointed Senior Vice President, Chief Human Resources Officer of Carrier in 2015. Prior to that, she served as Vice President and Chief Human Resources Officer for the Pratt & Whitney division of UTC from 2012 to 2015 and as Vice President, Human Resources, Asia for the UTC Fire & Security division of UTC, located in Shanghai, China, from 2010 to 2012.

Information concerning Section 16(a) compliance is incorporated herein by reference to the section of our Proxy Statement for the 2021 Annual Meeting of Shareowners entitled "Other Important Information" under the heading "Section 16(a) Beneficial Ownership Reporting Compliance." We have adopted a code of ethics that applies to all our directors, officers, employees and representatives. This code is publicly available on our website at https://www.corporate.carrier.com/corporate-responsibility/governance/. Amendments to the code of ethics and any grant of a waiver from a provision of the code requiring disclosure under applicable SEC rules will be disclosed on our website. Our Corporate Governance Guidelines and the charters of our Board of Directors' Audit Committee, Compensation Committee, and Governance Committee are available on our website at https://www.corporate.carrier.com. These materials may also be requested in print free of charge by writing to our Investor Relations Department at Carrier Global Corporation, 13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the sections of our Proxy Statement for the 2021 Annual Meeting of Shareowners entitled "Executive Compensation," "Compensation of Directors" and "Report of the Compensation Committee."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information relating to security ownership of certain beneficial owners and management is incorporated herein by reference to the section of our Proxy Statement for the 2021 Annual Meeting of Shareowners titled "Share Ownership."

Equity Compensation Plan Information

The following table provides information as of December 31, 2020 concerning Common Stock issuable under Carrier's equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareowners	23,618,000 [1]	$ 19.90	39,611,000 [2]

[1] Consists of the following issuable shares of Common Stock awarded under the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "2020 LTIP"): (i) shares of Common Stock issuable upon the exercise of outstanding non-qualified stock options; (ii) shares of Common Stock issuable upon the exercise of outstanding Stock Appreciation Rights (SARs); (iii) shares of Common Stock issuable pursuant to outstanding restricted stock unit and performance share unit awards, assuming performance at the target level (up to an additional 742,985 shares of Common Stock could be issued if performance goals are achieved above target); and (iv) shares of Common Stock issuable upon the settlement of outstanding deferred stock units awarded under the 2020 LTIP. Under the 2020 LTIP, each SAR referred to in clause (ii) is exercisable for a number of shares of Common Stock having a value equal

to the increase in the market price of a share of such stock from the date the SAR was granted. For purposes of determining the total number of shares to be issued in respect of outstanding SARs as reflected in column (a) above, we have used the NYSE closing price for a share of Common Stock on December 31, 2020 of $37.72. The weighted-average exercise price of outstanding options, warrants and rights shown in column (b) takes into account only the shares identified in clauses (i) and (ii).

(2) Represents the maximum number of shares of Common Stock available to be awarded under the 2020 LTIP as of December 31, 2020. Performance share units and restricted stock units (Full Share Awards) will result in a reduction in the number of shares of Common Stock available for delivery under the 2020 LTIP in an amount equal to 2 times the number of shares to which the award corresponds. Stock options and SARs do not constitute Full Share Awards and will result in a reduction in the number of shares of Common Stock available for delivery under the 2018 LTIP on a one-for-one basis.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated herein by reference to the sections of our Proxy Statement for the 2021 Annual Meeting of Shareowners entitled "Corporate Governance" (under the subheading "Director Independence") and "Other Important Information" (under the subheading "Transactions with Related Persons").

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is incorporated by reference to the sections of our Proxy Statement for the 2021 Annual Meeting of Shareowners entitled "Appoint an Independent Auditor for 2021," including the information provided in that section with regard to "Audit Fees," "Audit-Related Fees," "Tax Fees" and "All Other Fees."

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedules and Exhibits

1. Financial Statements

See Index appearing on page 1.

2. Financial Statement Schedules

Schedule II - Valuation of Qualifying Accounts

Schedules not filed herewith called for under Regulation S-X are omitted because of the absence of conditions under which they are required, they are included in the Consolidated Financial Statements, Notes to the Consolidated Financial Statements, elsewhere in this Annual Report on Form 10-K or are not material.

3. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report.

Exhibit Index

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation (incorporated by reference to Exhibit 2.1 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
3.1	Amended and Restated Certificate of Incorporation of Carrier Global Corporation (incorporated by reference to Exhibit 3.1(b) of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
3.2	Amended and Restated Bylaws of Carrier Global Corporation (incorporated by reference to Exhibit 3.2 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on December 14, 2020, File No. 001-39220)
4.1	Indenture, dated February 27, 2020, between Carrier Global Corporation and The Bank of New York Mellon Trust Company, N.A (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Carrier Global Corporation’s Registration Statement on Form 10 filed with the SEC on March 11, 2020, File No. 001-39220)

4.2	Supplemental Indenture No. 1, dated February 27, 2020, between Carrier Global Corporation and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.2 of Amendment No. 1 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on March 11, 2020, File No. 001-39220)
4.3	Registration Rights Agreement, dated February 27, 2020, by and among Carrier Global Corporation, United Technologies Corporation and Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC (incorporated by reference to Exhibit 4.3 of Amendment No. 1 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on March 11, 2020, File No. 001-39220)
4.4	Supplemental Indenture No. 2, dated June 19, 2020, between Carrier Global Corporation and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.2 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on June 19, 2020, File No. 001-39220)
4.5	Registration Rights Agreement, dated June 19, 2020, by and among Carrier Global Corporation, J.P. Morgan Securities LLC, BofA Securities, Inc. and Citigroup Global Markets Inc. (incorporated by reference to Exhibit 4.4 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on June 19, 2020, File No. 001-39220)
4.6	Description of Securities*
10.1	Revolving Credit Agreement, dated February 10, 2020, among Carrier Global Corporation, the subsidiary borrowers party thereto, the lenders and other parties party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.24 of Amendment No. 1 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on March 11, 2020, File No. 001-39220)
10.2	Transition Services Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation (incorporated by reference to Exhibit 10.1 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.3	Tax Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation (incorporated by reference to Exhibit 10.2 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.4	Employee Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation (incorporated by reference to Exhibit 10.3 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.5	Intellectual Property Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation (incorporated by reference to Exhibit 10.4 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.6	Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.5 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.7	Carrier Global Corporation Change in Control Severance Plan (incorporated by reference to Exhibit 10.6 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.8	Carrier Global Corporation Executive Annual Bonus Plan (incorporated by reference to Exhibit 10.7 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.9	Carrier Global Corporation Deferred Compensation Plan (incorporated by reference to Exhibit 10.8 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.10	Carrier Global Corporation Company Automatic Contribution Excess Plan (incorporated by reference to Exhibit 10.9 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.11	Carrier Global Corporation LTIP Performance Share Unit Deferral Plan (incorporated by reference to Exhibit 10.10 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.12	Carrier Global Corporation Pension Preservation Plan (incorporated by reference to Exhibit 10.11 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.13	French Sub-Plan for Restricted Stock Granted Under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.13 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)
10.14	Carrier Global Corporation Amended and Restated Savings Restoration Plan (incorporated by reference to Exhibit 10.14 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-39220)

10.15	Amendment No. 1 to the Revolving Credit Agreement, dated as of June 2, 2020, by and among Carrier Global Corporation, the subsidiary borrowers party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.01 of Carrier Global Corporation's Current Report on Form 8-K filed with the SEC on June 3, 2020, File No. 001-39220)
10.16	Schedule of Terms for Carrier Founders Grant Performance Share Unit Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 of Carrier Global Corporation's Quarterly Report on Form 10-Q filed with the SEC on July 31, 2020, File No. 001-39220)
10.17	Schedule of Terms for Stock Appreciation Right Awards (Founders Grant) granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.18 of Carrier Global Corporation's Quarterly Report on Form 10-Q filed with the SEC on July 31, 2020, File No. 001-39220)
10.18	Schedule of Terms for Restricted Stock Unit Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.8 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on February 7, 2020, File No. 001-39220)
10.19	Schedule of Terms for Stock Appreciation Right Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.10 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on February 7, 2020, File No. 001-39220)
10.20	Schedule of Terms for Restricted Stock Unit Awards (Off-Cycle) granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.9 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on February 7, 2020, File No. 001-39220)
10.21	Special Addendum to Schedule of Terms for Restricted Stock Unit Award (Off-Cycle) granted to David Appel under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.22 of Carrier Global Corporation's Quarterly Report on Form 10-Q filed with the SEC on July 31, 2020, File No. 001-39220)
10.22	Schedule of Terms for Stock Appreciation Right Awards (Off-Cycle) granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.11 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on February 7, 2020, File No. 001-39220)
10.23	Schedule of Terms for Performance Share Unit Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.12 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on February 7, 2020, File No. 001-39220)
10.24	Schedule of Terms for Non-Qualified Stock Option Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.13 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on February 7, 2020, File No. 001-39220)
10.25	Employment Agreement, dated April 21, 2020, by and between Carrier Global Corporation and John V. Faraci (incorporated by reference to Exhibit 10.3 of Carrier Global Corporation's Quarterly Report on Form 10-Q filed with the SEC on May 11, 2020, File No. 001-39220)
10.26	Offer Letter with Timothy McLevish, dated September 6, 2019 (incorporated by reference to Exhibit 10.23 to Carrier Global Corporation's Registration Statement on Form 10 filed with the SEC on February 7, 2020, File No. 001-39220)
10.27	Offer Letter with Patrick Goris, dated October 13, 2020*
10.28	Carrier Global Corporation Board of Directors Deferred Stock Unit Plan (amended and restated effective October 15, 2020)*
10.29	Carrier Summary of Compensation and Benefits for Directors (2021-2022 Board Cycle)*
10.30	Form of Award Agreement for Carrier Founders Performance Share Unit and Stock Appreciation Right Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
10.31	Share Purchase Agreement, dated December 7, 2020, between Carrier Refrigeration ECR Holding Luxembourg S.à.r.l., and Breeze TopCo S.à r.l.*
14	Code of Ethics. The Carrier Global Corporation Code of Ethics may be accessed via Carrier Global Corporation's website at https://www.corporate.carrier.com/corporate-responsibility/governance/ethics-compliance/
21	Subsidiaries of the Registrant*
23	Consent of PricewaterhouseCoopers LLP*

31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
31.3	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certifications*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.* (File name: carr-20201231.xml)
101.SCH	XBRL Taxonomy Extension Schema Document.* (File name: carr-20201231.xsd)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.* (File name: carr-20201231_cal.xml)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.* (File name: carr-20201231_def.xml)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.* (File name: carr-20201231_lab.xml)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.* (File name: carr-20201231_pre.xml)

Notes to Exhibits List:

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in extensible Business Reporting Language ("XBRL"): (i) Consolidated Statement of Operations for the years ended December 31, 2020, 2019 and 2018, (ii) Consolidated Statement of Comprehensive Income for the years ended December 31, 2020, 2019 and 2018, (iii) Consolidated Balance Sheet as of December 31, 2020 and December 31, 2019, (iv) Consolidated Statement of Cash Flows for the years ended December 31, 2020, 2019 and 2018, (v) Consolidated Statement of Changes in Equity for the years ended December 31, 2020, 2019 and 2018 and (vi) Notes to the Consolidated Financial Statements.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CARRIER GLOBAL CORPORATION
(Registrant)

Dated: February 9, 2021

by: /s/PATRICK GORIS

Patrick Goris
Senior Vice President and Chief Financial Officer

(on behalf of the Registrant and as the Registrant's Principal Financial Officer)

Dated: February 9, 2021

by: /s/KYLE CROCKETT

Kyle Crockett
Vice President, Controller

(on behalf of the Registrant and as the Registrant's Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/David Gitlin David Gitlin	Director, President and Chief Executive Officer (Principal Executive Officer)	February 9, 2021
/s/Patrick Goris Patrick Goris	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 9, 2021
/s/Kyle Crockett Kyle Crockett	Vice President, Controller (Principal Accounting Officer)	February 9, 2021
/s/John V. Faraci John V. Faraci	Director	February 9, 2021
/s/Jean-Pierre Garnier Jean-Pierre Garnier	Director	February 9, 2021
/s/John J. Greisch John J. Greisch	Director	February 9, 2021
/s/Charles M. Holley, Jr. Charles M. Holley, Jr.	Director	February 9, 2021
/s/Michael M. McNamara Michael M. McNamara	Director	February 9, 2021
/s/Michael A. Todman Michael A. Todman	Director	February 9, 2021
/s/Virginia M. Wilson Virginia M. Wilson	Director	February 9, 2021

SCHEDULE II

CARRIER GLOBAL CORPORATION

Valuation and Qualifying Accounts
Three years ended December 31, 2020

(dollars in millions)		
Future Income Tax Benefits - Valuation Allowance		
Balance as of January 1, 2018	$	113
Additions charged to income tax expense		15
Reduction credited to income tax expense		(14)
Other adjustments		(7)
Balance as of December 13, 2018		107
Additions charged to income tax expense		41
Reduction credited to income tax expense		(16)
Other adjustments		(4)
Balance as of December 31, 2019		128
Additions charged to income tax expense [(1)]		112
Reduction credited to income tax expense		(13)
Other adjustments		4
Balance as of December 31, 2020	**$**	**231**

[(1)] Includes $89 million relating to "Separation impact" discussed in "Reconciliation of Effective Income Tax Rate" in Note 19 – *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements.

Exhibit 4.6

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of the Annual Report on Form 10-K of which this exhibit is a part, Carrier Global Corporation (the "Company," "Carrier," "we," "us," and "our") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our common stock, par value $0.01 per share.

Common Stock

The following briefly summarizes certain terms of Carrier's common stock. This summary does not describe every aspect of our common stock and is subject, and is qualified in its entirety by reference, to all the provisions of our amended and restated certificate of incorporation and our amended and restated bylaws.

Carrier's common stock is listed on the New York Stock Exchange under the symbol "CARR."

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of shareowners.

Holders of common stock are entitled to share equally in the dividends, if any, that may be declared by Carrier's board of directors out of funds that are legally available to pay dividends, but only after payment of any dividends required to be paid on outstanding preferred stock. Upon any voluntary or involuntary liquidation, dissolution or winding up of Carrier, the holders of common stock will be entitled to share ratably in all assets of Carrier remaining after we pay:

- all of our debts and other liabilities and
- any amounts we may owe to the holders of our preferred stock.

Holders of common stock do not have any preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any series of preferred stock that we may designate and issue.

Delaware law and our amended and restated bylaws permit us to issue uncertificated shares of common stock.

The rights, preferences and privileges of common shareowners may be affected by the rights, preferences and privileges granted to holders of preferred stock. The Carrier board of directors has the authority, without further action by the shareowners, to issue shares of preferred stock in one or more series, and to fix the rights, preferences and privileges (including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences) of each series, which may be greater than the rights of the common stock. It is not possible to state the actual effect of the issuance of any additional series of preferred stock upon the rights of

common shareowners until the board of directors determines the specific rights of the holders of that series. However, the effects might include, among other things (1) restricting dividends on the common stock, (2) diluting the voting power of the common stock, (3) impairing the liquidation rights of the common stock or (4) delaying or preventing a change in control of Carrier without further action by the shareowners.

At each annual meeting of shareowners, the entire Carrier board of directors is elected for a term of one year. Carrier's amended and restated bylaws provide that the board of directors may, from time to time, designate the number of directors; however, the number may not be less than five nor more than 14. Vacancies on the board (except in an instance where a director is removed by holders of common stock and the resulting vacancy is filled by holders of common stock) may be filled by a vote of the majority of the directors then in office, even if less than a quorum.

Carrier's amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election of directors, other than nominations made by or at the direction of Carrier's board of directors. Eligible shareowners will be permitted to include their own director nominees in Carrier's proxy materials under the circumstances set forth in the amended and restated bylaws. Generally, a stockholder or a group of up to 20 shareowners, who has maintained continuous qualifying ownership of at least 3% of Carrier's outstanding common stock for at least three years, will be permitted to include director nominees constituting up to 20% of the board of directors in the proxy materials for an annual meeting of shareowners if such stockholder or group of shareowners complies with the other requirements set forth in the proxy access provision.

Carrier's amended and restated bylaws include an exclusive forum provision. This provision provides that, unless Carrier consents in writing to the selection of an alternative forum, the sole and exclusive forum for various types of suits will be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). Such suits include (1) any derivative action or proceeding brought on behalf of Carrier, (2) any action asserting a claim of breach of a fiduciary duty owed by any current or former director or officer or other employee of Carrier to the company or to Carrier's shareowners, (3) any action asserting a claim against Carrier or any current or former director or officer or other employee of Carrier arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL") or Carrier's amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time), (4) any action asserting a claim against Carrier or any director or officer or other employee of Carrier governed by the internal affairs doctrine or (5) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. Under Carrier's amended and restated bylaws, to the fullest extent permitted by law, this exclusive forum provision applies to state and federal law claims, including claims under the federal securities laws, including the Exchange Act, although Carrier shareowners will not be deemed to have waived Carrier's compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of exclusive forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that, in connection with

claims subject to exclusive federal jurisdiction, a court could find the exclusive forum provision contained in Carrier's amended and restated bylaws to be inapplicable or unenforceable.

Carrier's amended and restated certificate of incorporation and amended and restated bylaws provide that any action permitted to be taken at an annual or special meeting of shareowners may be effected by the written consent of shareowners if shareowners representing 25% of the outstanding voting power of Carrier capital stock have requested a record date for such action and certain other conditions are satisfied in accordance with Carrier's amended and restated certificate of incorporation and amended and restated bylaws.

Carrier's amended and restated certificate of incorporation and amended and restated bylaws provide that special meetings of shareowners may be called only by the board of directors, the chairman of the board of directors, or the Chief Executive Officer. The Secretary may also call a special meeting of shareowners in response to a written request of a stockholder or a group of shareowners who has maintained continuous qualifying ownership of at least 15% of Carrier's outstanding common stock for at least one year, subject to the provisions and conditions set forth in Carrier's amended and restated certificate of incorporation and amended and restated bylaws.

Under Delaware law, the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage.

Certain of the provisions of Carrier's amended and restated certificate of incorporation and amended and restated bylaws discussed above and below could discourage a proxy contest or the acquisition of control of a substantial block of our stock. These provisions could also have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of Carrier, even though an attempt to obtain control of Carrier might be beneficial to Carrier and its shareowners.

Carrier's amended and restated certificate of incorporation includes provisions eliminating the personal liability of our directors for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by Delaware law. The amended and restated bylaws include provisions indemnifying our directors and officers to the fullest extent permitted by Delaware law, including under circumstances in which indemnification is otherwise discretionary. The amended and restated bylaws additionally include provisions permitting the Chief Executive Officer or the Chief Legal Officer and the Chief Financial Officer acting together to reimburse the expenses of our current and former employees, agents and fiduciaries in advance of the final disposition of any such proceeding.

Section 203 of the DGCL, under certain circumstances, may make it more difficult for a person who is an "Interested Stockholder," as defined in Section 203, to effect various business combinations with a corporation for a three-year period. Under Delaware law, a corporation's certificate of incorporation or bylaws may exclude a corporation from the restrictions imposed by

Section 203. However, Carrier’s amended and restated certificate of incorporation and amended and restated bylaws do not exclude us from these restrictions, and these restrictions apply to us.

Carrier
13995 Pasteur Boulevard
Palm Beach Gardens. FL 33410

Patrick Goris
10616 N Beechwood Drive
Mequon, WI 53092

October 8, 2020

Dear Patrick,

I am pleased to confirm our offer of employment for you to join Carrier in the role of **Senior Vice President & Chief Financial Officer** within our Carrier Headquarters organization. Your executive level will be E5. You will report to David Gitlin, President & CEO, Carrier and you will be based in Palm Beach Gardens, Florida.

Your starting base salary will be **$700,000** per year, and your start date will be on or about November 16, 2020. The sign-on awards indicated below are conditional upon your start date being before December 8, 2020, the date of your final December 2020 equity award vesting at your current employer.

As a Carrier executive, you may receive cash awards under the company's annual **Incentive Compensation Plan (IC)**. Individual awards, when made, are a function of individual and Carrier performance measured against previously established objectives and metrics. Your target bonus opportunity is **100%** of your annual base salary. Incentive Compensation awards for 2021 are expected to be paid to active, eligible executives in February 2022. You will not be eligible for incentive compensation attributable to the 2020 IC plan given your start date is in Q4 of 2020.

You will be eligible to participate in the **Carrier Long Term Incentive Plan (the "LTIP")**, beginning in 2021. LTIP awards are typically granted in February of each year. This program is designed to provide equity awards to key employees whose efforts and achievements contribute to the long-term success of the company. Your 2021 LTIP target opportunity is **$2,600,000** and the award mix for the 2021 plan is currently under review by the Carrier Board of Directors.

You will receive a **cash sign-on award of $1,000,000**, to be paid in December 2020. This payment is subject to applicable tax withholdings and your continued employment. As part of accepting this offer, you acknowledge that if you voluntarily terminate your employment within 24 months after payment of the cash sign-on award, you agree to reimburse the company 100 percent of the cash-sign on award amount.

You will receive a **sign-on LTIP award** with a target grant date value of **$4,000,000**. This award will be comprised of 50% RSUs and 50% SARs, vesting one third per year for three years from the award date, which will be the first trading day of the month following your start date. Vesting is generally subject to your continued employment through each applicable vesting date, except as otherwise provided in the applicable schedule of terms.

You will also be entitled to a leased vehicle through Carrier's Executive **Lease Vehicle Program ("ELVP")**. All fuel, maintenance, taxes, registration and car insurance costs are paid by Carrier as part of the current ELVP. Additional details regarding the ELYP and the vehicle selection process will be provided under separate cover.

ln addition to your compensation, you will be eligible to join **Carrier Choice**, the Company's flexible benefits plan, after 30 days of employment. This includes medical, dental, life insurance, and disability benefit programs for you and your eligible dependents

You will be eligible to join the **Carrier Retirement Savings Plan** immediately, and after one year of service will receive the Company match on your contributions, which is currently 60 cents on the dollar up to 6% of your eligible compensation, subject to IRS limits. You are eligible to participate in the **Savings Restoration Plan** for compensation in excess of the IRS limits. This plan supplements the Retirement Savings Plan with Company match in excess of IRS limits.

You will receive a **Company Retirement Contribution**, an automatic contribution each pay period, regardless of participation to the Savings Plan. The company's automatic contribution will begin **45 days** after your date of hire. The contribution percentage will be based on your age as of December 31 of each calendar year. You will be automatically enrolled into the Company Retirement Contribution Excess Plan once your eligible earnings reach the annual IRS limit at the same contribution percentage.

U.S-based executives are currently eligible to defer up to 50% of base salary; 70% of incentive compensation and 100% of LTIP PSUs into Carrier's **Deferred Compensation Programs**.
Compensation deferred under these programs is subject to the terms of the programs as in effect from time to time, including with respect to any minimum deferral period and elections regarding time and form of payment.

You are eligible for twenty-five (25) days of **Vacation** annually. Subsequent increases in vacation eligibility are based on your length of service. Because your start date is in November, you will be eligible for 4 vacation days for the remainder of 2020. Up to 5 additional days may be purchased with pre-taxed dollars during the annual Open Enrollment of benefits with the cost

divided over the 24 pay periods during that vacation year. The next opportunity to purchase vacation is expected to be during the 2021 Open Enrollment that occurs in fall 2020.

As discussed, your work location will be Palm Beach Gardens, FL. You will be eligible for **Relocation** assistance from Carrier's relocation management provider. As your work location is Palm Beach Gardens, the company's expectation is that you will work from this location immediately upon joining. Your relocation assistance includes, but is not limited to:

- Assistance in marketing and selling your current home; Carrier will provide an Appraised Value Offer (guaranteed buyout) based on appraisals that are prepared on your home
- Assistance in purchasing a new home including reimbursement of normal and customary closing costs
- Two home finding trips, for a total of 10 days, for you and l individual
- Reimbursement of actual costs of your interim living expenses for up to 90 days or until you move into your new home, whichever occurs first. You also have the option to receive a lump sum cash allowance in lieu of the interim living expense reimbursement.
  The cash allowance is based on 90 days at the government lodging rate in your move destination.
- Shipment of household goods and storage for up to 90 days, if needed
- A one-time $7,500 relocation allowance to help offset expenses not specifically covered by this policy; this payment will be grossed up

This offer is contingent upon verification of your authorization to work in the United States of America and your satisfactory completion of our employment requirements including screening for the presence of illegal or unauthorized drugs, a background check and the completion of an Intellectual Property Agreement. Upon your acceptance, you will receive a confirmation via e mail with a link outlining arrangements for your drug screening and background check requirements. This must be completed as soon as possible after offer acceptance, but not more than 30 days or less than five days in advance of your start date.

You will be contacted to review pre-employment requirements and on-boarding documents. As proof of U.S. person status and work authorization, you are required to bring with you a U.S passport or other appropriate form(s) of identification as required for Export Control and I-9 form processing on your first day. Copies of this documentation may be requested in advance to facilitate appropriate systems access on your first day.

This offer of employment should not be construed as a contract. Specifically, your employment with the Company will be "at will," meaning that either you or the Company will be entitled to terminate your employment at any time for any reason, with or without cause, and with or without notice. Any contrary representations, which may have been made to you, are superseded by this offer.

Patrick, I very much look forward to you joining Carrier and becoming part of our team. Please acknowledge your acceptance of our offer by emailing the completed acceptance confirmation.

If you have any questions at all, please do not hesitate to call me at [PHONE NUMBER].

Sincerely,

/s/Nadia Villeneuve
Nadia Villeneuve
Senior Vice President & Chief Human Resources Officer
Carrier

To document your accep1ance of this offer, please sign and date below, and email a scanned copy by October 14. 2020.

/s/Patrick Goris Oct 13, 2020
Patrick Goris Date

CARRIER GLOBAL CORPORATION
BOARD OF DIRECTORS
DEFERRED STOCK UNIT PLAN

(Amended and Restated effective as of October 15, 2020)

W/3685546v7

CARRIER GLOBAL CORPORATION BOARD OF DIRECTORS

DEFERRED STOCK UNIT PLAN

TABLE OF CONTENTS

Page

ARTICLE I INTRODUCTION AND PURPOSE 1
1.01 Purpose of Plan 1
1.02 Impact of Spin-off from UTC 1
1.03 Effective Date of Plan 2
ARTICLE II DEFINITIONS 2
ARTICLE III ELIGIBLE COMPENSATION 6
3.01 Annual Retainer 6
3.02 Annual Deferred Stock Unit Award 7
3.03 Transferred New Director Restricted Stock Unit Award 8
3.04 Duplication of Benefits 8
ARTICLE IV ACCOUNTS AND CREDITS 8
4.01 Annual Deferred Stock Unit Award 8
4.02 Elective Annual Retainer 8
4.03 Transferred New Director Restricted Stock Unit Award 9
4.04 Accounts 10
4.05 Deferred Stock Unit Accounts 10
4.06 Hypothetical Nature of Accounts and Investments 12
ARTICLE V ELECTION PROCEDURES AND DISTRIBUTIONS 13
5.01 Annual Retainer Deferral Election 13
5.02 Annual Retainer Deferral Election Deadline 13
5.03 Distribution Commencement Date 13
5.04 Election of Form and Amount of Distribution 14
5.05 Change in Distribution Election 15
ARTICLE VI ADMINISTRATION 16
6.01 In General 16
6.02 Plan Amendment and Termination 16
6.03 Reports to Participants 17
6.04 Delegation of Authority 17
6.05 Distribution of Shares 17
ARTICLE VII MISCELLANEOUS 18
7.01 Rights Not Assignable 18
7.02 Certain Rights Reserved 18
7.03 Withholding Taxes 18
7.04 Compliance with Section 409A 18
7.05 Incompetence 19

7.06 Inability to Locate Participants and Beneficiaries 19
7.07 Successors 20
7.08 Usage 20
7.09 Severability 20
7.10 Share Ownership Requirements 20
7.11 Governing Law 21

APPENDIX A Carrier Global Corporation Board of Directors Deferred Stock Unit Prior Plan (the “Prior Carrier Plan”)

ARTICLE I
INTRODUCTION AND PURPOSE

1.01 Purpose of Plan.

The Carrier Global Corporation Board of Directors Deferred Stock Unit Plan (the "Plan") is hereby established to provide an arrangement for non-employee directors to receive an annual Deferred Stock Unit Award and to defer their Annual Retainer in the form of deferred stock units equal in value to shares of the Corporation's common stock for the purpose of aligning the interests of non-employee directors with those of the Corporation's shareowners.

1.02 Impact of Spin-off from UTC.

On April 3, 2020, United Technologies Corporation ("UTC") separated into three independent companies, UTC, Carrier Global Corporation (the "Corporation" or "Carrier") and Otis Worldwide Corporation ("Otis"), through spin-off transactions. The transaction by which the Corporation ceases to be a subsidiary of UTC is referred to herein as the "Spin-off." In connection with the Spin-off, and pursuant to the terms of the Employee Matters Agreement entered into, by and among the Corporation, UTC, and Otis (the "Employee Matters Agreement"), the Corporation and the Plan assumed all obligations and liabilities of UTC and its subsidiaries under the UTC DSU Plan with respect to "Carrier Transferred Directors" (as such term is defined in the Employee Matters Agreement). Any benefits due under the UTC DSU Plan with respect to Carrier Transferred Directors or Beneficiaries of Carrier Transferred Directors is the responsibility of the Corporation and this Plan, and any such benefits accrued, but not yet paid under the UTC DSU Plan, immediately prior to the Effective Date, is administered and paid under the terms of this Plan. All deferral and distribution elections and designations of Beneficiary made under the UTC DSU Plan by a Carrier Transferred Director or Beneficiary of a Carrier Transferred Director, and, in effect, immediately prior to the Effective Date, shall continue to apply and shall be administered under this Plan, until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. Pursuant to the terms of the Employee Matters Agreement between the Corporation, UTC and Otis: (a) vested Deferred Stock Units were converted, upon the Spin-off, into Carrier, UTC and Otis Deferred Stock Units; (b) vested restricted Deferred Stock Units granted under a New Director Restricted Stock Unit Award (as defined in the UTC DSU Plan) were converted, upon

the Spin-off, into Carrier, UTC and Otis Deferred Stock Units under the Transferred New Director Restricted Stock Unit Award; and (c) unvested restricted Deferred Stock Units granted under a New Director Restricted Stock Unit Award were converted to Carrier Deferred Stock Units under the Transferred New Director Restricted Stock Unit Award. Carrier Deferred Stock Units credited to Participants under this Plan shall be distributed in shares of Carrier Common Stock issued under the LTIP; however, UTC and Otis Deferred Stock Units shall be distributed in cash. The settlement of Deferred Stock Units in Common Stock and cash, as applicable, and other adjustments described herein shall in no event: (i) increase the value of any Participant's Account; (ii) modify any Participant's distribution election; or (iii) alter the procedures in effect under the Plan with respect to elections and distributions other than the substitution of cash for certain shares. The Plan shall be under no obligation to hold or issue shares of UTC or Otis Common Stock.

Immediately following the Spin-off, UTC completed an all-stock merger of equals transaction with Raytheon Company. Upon closing of the merger, UTC changed its name to Raytheon Technologies Corporation ("RTC"), and its shares of common stock began trading under the ticker symbol "RTX." The Plan shall be under no obligation to hold or issue shares of RTC.

The Plan was amended and restated, effective October 15, 2020, to provide that non-employee director compensation amounts will be those approved by the Committee from time to time and to reflect the change in the name of UTC to RTC.

Carrier has also established the Carrier Global Corporation Board of Directors Deferred Stock Unit Prior Plan (the "Prior Carrier Plan"), set forth in Appendix A hereto, which is a continuation of the United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as in effect on October 3, 2004 ("Prior UTC Plan"), as it has been modified thereafter, from time to time, in a manner that does not constitute a "material modification" for purposes of Section 409A for the benefit of Carrier Transferred Directors who have a benefit earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, which were previously held under and subject to the terms of the Prior UTC Plan.

1.03 Effective Date of Plan.

Pursuant to the terms of the Employee Matters Agreement, this Plan became effective as of the Spin-off date. The Plan was amended and restated effective October 15, 2020.

ARTICLE II
DEFINITIONS

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

"***Account***" means a bookkeeping account established for a Participant under Article IV that is credited with Deferred Stock Units, but excluding accounts under the Prior Carrier Plan. Accounts under the Prior Carrier Plan will be valued and administered separately in accordance with the terms and procedures in effect under the Prior Carrier Plan.

"***Annual Deferred Stock Unit Award***" means the annual grant of Deferred Stock Units made to Participants in accordance with Section 3.02.

"***Annual Meeting***" means the Corporation's Annual Meeting of Shareowners.

"***Annual Retainer***" means the annual retainer fee payable to a Participant under Section 3.01 for services to the Corporation in the capacities indicated.

"***Beneficiary***" means a Participant's beneficiary, designated in writing in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if all of the Participant's designated Beneficiaries predecease the Participant, the Participant's estate.

"***Board***" means the Board of Directors of the Corporation.

"***Board Cycle***" means the period beginning on an Annual Meeting and ending at the start of the next Annual Meeting.

"***Carrier***" means Carrier Global Corporation.

"***Carrier Common Stock***" means the common stock of the Corporation.

"***Carrier Deferred Stock Units***" means, Deferred Stock Units of the Corporation convertible into actual shares of Carrier Common Stock as of the Conversion Date, prior to a distribution to be made in accordance with Article V. Each Carrier Deferred Stock Unit is equal in value to a share of Carrier Common Stock. Carrier Deferred Stock Units are "restricted stock units" awarded under the LTIP and distributed and administered in accordance with the terms of this Plan.

"***Closing Price***" means, with respect to any date specified by the Plan, the closing price of common stock on the composite tape of New York Stock Exchange on such date (or if there was no reported sale of common stock on such date, on the next following day on which there was such a reported sale) which common stock is the underlying referenced security of the relevant Deferred Stock Unit.

"***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto. References to any Section of the Internal Revenue Code shall include any final regulations or other applicable guidance. References to "Section 409A" shall include any final regulations or other applicable guidance issued thereunder by the Internal Revenue Service from time to time in effect.

"***Committee***" means the Governance Committee (and any successor Committee) of the Board.

"***Conversion Date***" means the date Deferred Stock Units are converted to shares of Carrier Common Stock, immediately prior to the delivery of such shares to a Participant or Beneficiary in accordance with Article V herein.

"***Corporation***" means Carrier Global Corporation.

"***Deferred Annual Retainer***" means any portion of a Participant's Annual Retainer deferred in accordance with Article V.

"***Deferred Stock Units***" means hypothetical shares of common stock that will be settled in actual shares, or an amount of cash equal to the fair market value of shares, of common stock, that have been deferred in accordance with Section 409A.

"***Distribution Anniversary Date***" means an anniversary of the Distribution Commencement Date.

"***Distribution Commencement Date***" means the first business day that is 30 days following the date of Separation from Service.

"***Election***" means an irrevocable election by a Participant either to defer all or a portion of the Annual Retainer otherwise payable in cash or to specify how an Account will be distributed (*i.e.*, as a lump sum, or in 10 or 15 annual installments).

"***Employee Matters Agreement***" means the Employee Matters Agreement entered into, by and among the Corporation, UTC, and Otis.

"***LTIP***" means the Carrier Global Corporation 2020 Long-Term Incentive Plan, as amended from time to time.

"***Otis***" means Otis Worldwide Corporation.

"***Otis Deferred Stock Units***" means Deferred Stock Units of Otis Global Corporation distributable in cash in accordance with Article V. Each Otis Deferred Stock Unit is equal in value to a share of Otis Common Stock.

"***Participant***" means a non-employee member of the Board. A Participant, including a Carrier Transferred Director, who has an existing Account under the Plan, but is not, or is no longer, eligible under the preceding sentence, shall not be eligible for additional awards under the Plan, but shall remain a Participant under the Plan with respect to his or her Account until it is distributed or forfeited in accordance with the terms of the Plan.

"***Plan***" means this Carrier Global Corporation Board of Directors Deferred Stock Unit Plan, as amended from time to time.

"***Plan Year***" means the calendar year.

"***Prior Carrier Plan***" has the meaning set forth in Section 1.02. All amounts deferred under the Prior Carrier Plan, and any subsequent increases in these amounts that are permitted to

be treated as grandfathered benefits under Section 409A, shall continue to be subject to the terms and conditions of the Prior Carrier Plan.

"***Prior UTC Plan***" means the United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as in effect on October 3, 2004.

"***Recapitalization Event***" means a transaction or event described in Section 4.05(a)(iv).

"***Separation from Service***" means a Participant's resignation, removal, or retirement from the Board (for a reason other than death) that constitutes a good-faith, complete termination of the Participant's relationship with the Corporation and that also qualifies as a "separation from service" for purposes of Section 409A of the Code.

"***Separation from Service Anniversary Date***" means an anniversary of the date of Separation from Service.

"***Spin-off***" means the separation from United Technologies Corporation of Carrier Global Corporation and Otis Worldwide Corporation into independent publicly traded companies in 2020.

"***Transferred New Director Restricted Stock Unit Award***" means the one-time Deferred Stock Unit Award previously granted to a Carrier Transferred Director under the UTC DSU Plan upon election to the UTC Board as a New Director Restricted Stock Unit Award and credited to the Participant's New Director Restricted Stock Unit Account under the UTC DSU Plan which, immediately following the effective time of the Spin-off, shall be credited under this Plan to the Transferred New Director Restricted Stock Unit Account as provided in Section 4.03.

"***UTC***" means United Technologies Corporation and, with respect to periods on or after April 3, 2020, RTC.

"***UTC Deferred Stock Units***" means Deferred Stock Units of UTC distributable in cash in accordance with Article V. Each UTC Deferred Stock Unit is equal in value to a share of UTC Common Stock.

"***UTC DSU Plan***" means UTC's Board of Directors Deferred Stock Unit Plan.

ARTICLE III
ELIGIBLE COMPENSATION

3.01 Annual Retainer.

(a) *Annual Retainer Amount.* Subject to subsection (b) of this Section 3.01, each Participant will receive a base Annual Retainer in an amount determined by the Committee from time to time. In addition to the base Annual Retainer, additional Annual Retainer fees in the amounts determined by the Committee from time to time will be received by Participants serving in the leadership roles on the Board and/or its committees identified by the Committee from time to time.

(b) *New Participants.* If a Participant is elected to the Board before September 30 of a Board Cycle, the Participant will receive the full amount of the then applicable Annual Retainer. If a Participant is elected to the Board after September 30 of a Board Cycle, the Participant will receive 50% of the applicable Annual Retainer Amount set forth in subsection (a) above. Such amounts will be eligible for deferral in accordance with Article V. In connection with the Spin-off, Participants serving on the Board on the date of the Spin-off will receive the full amount of the applicable Retainer in respect of the period from the Spin-off date through the Annual Meeting in 2021, which period shall be treated as a "Board Cycle" for purposes of this Plan.

3.02 Annual Deferred Stock Unit Award.

(a) *Annual Deferred Stock Unit Award.* Subject to subsection (b) of this Section 3.02, each Participant will receive a base annual Deferred Stock Unit Award with a value as determined by the Committee from time to time, valued at the time of issuance, credited to the Participant's Account. In addition to the base annual Deferred Stock Unit Award, additional annual Deferred Stock Units in the amounts determined by the Committee from time to time shall be received by Participants serving in the leadership roles on the Board and/or its committees identified by the Committee.

(b) *New Participants.* If a Participant is elected to the Board before September 30 of a Board Cycle, the Participant will receive an Annual Deferred Stock Unit Award equal in value to the amounts specified in subsection (a) above. If a Participant is elected to the Board after September 30 of a Board Cycle, the Participant will receive an Annual Deferred Stock Unit Award equal to 50% of the value specified in subsection (a). In connection with the Spin-off,

Participants serving on the Board on the date of the Spin-off will receive the full amount of the Annual Deferred Stock Unit Award in respect of the Board Cycle commencing on the Spin-off date.

(c) *Extra Meeting Fees*. If a Participant attends more than the regularly scheduled Board and Committee meetings in a calendar year in person, such Participant will be paid a stipend as determined by the Committee from time to time for each such meeting. Any amounts paid for extra meetings will be ineligible for deferral.

3.03 Transferred New Director Restricted Stock Unit Award.

New Director Restricted Stock Unit Awards granted under the UTC DSU Plan shall not be granted under this Plan. Any outstanding New Director Restricted Stock Unit Awards credited for the benefit of a Carrier Transferred Director, immediately prior to the effective time of the Spin-off will be maintained under this Plan, as of the effective time as a Transferred New Director Restricted Stock Unit Award under a separate Account for such Carrier Transferred Director as provided in Section 4.03.

3.04 Duplication of Benefits.

To the extent that a new Participant has received compensation for his or her service on the board of directors of an entity that becomes, or was previously, affiliated with the Corporation, and such compensation relates to the same Plan Year for which the Participant shall receive compensation under this Plan, the Annual Retainer and Annual Deferred Stock Unit Award, under Sections 3.01 and 3.02 respectively, may be appropriately adjusted to prevent a duplication of benefits for the same period of service.

ARTICLE IV
ACCOUNTS AND CREDITS

4.01 Annual Deferred Stock Unit Award.

The Annual Deferred Stock Unit Award shall be credited automatically to an Account established for the Participant, effective as of (a) with respect to the Annual Deferred Stock Unit Award relating to the Board Cycle that commences on the Spin-off date, the date that is two business days following the date of the Company’s earnings release for the first quarter of 2020 and (b) with respect to the Annual Deferred Stock Unit Award relating to each Board Cycle

commencing thereafter, the date of the Annual Meeting. Participants may not elect to receive the Annual Deferred Stock Unit Award as current cash compensation.

4.02 Elective Annual Retainer.

The current Annual Retainer will be paid to the Participant as soon as administratively practicable following the date of the Spin-off, and on the date of the Annual Meeting thereafter, unless the Participant makes a timely irrevocable election in accordance with Article V to defer the receipt of the Annual Retainer as Carrier Deferred Stock Units subject to the terms of this Plan, in lieu of a current cash payment.

4.03 Transferred New Director Restricted Stock Unit Award.

(a) *Transferred New Director Restricted Stock Unit Accounts*. Any outstanding New Director Restricted Stock Unit Award credited under the UTC DSU Plan for the benefit of a Carrier Transferred Director, immediately prior to the effective time of the Spin-off will be maintained under this Plan, as of the effective time of the Spin-off as a Transferred New Director Restricted Stock Unit Award under a separate Account for such Carrier Transferred Director. Such Account shall also be credited with dividend equivalents in the form of additional Deferred Stock Units which relate to the underlying common stock of UTC, Carrier or Otis, which will vest immediately, but will otherwise be subject to the same restrictions applicable to the Deferred Stock Units credited to the Account. Transferred New Director Restricted Stock Units and any additional dividend equivalents in the form of additional Deferred Stock Units may not be settled prior to a Separation from Service.

(b) *Forfeiture of Transferred New Director Restricted Stock Unit Accounts*. Under the UTC DSU Plan, at the time of the award, the value of a Participant's New Director Restricted Stock Unit Award is subject to 100% forfeiture if the Participant's Separation from Service occurs before the first Annual Meeting following the date of the Participant's first election to the Board. Thereafter, the percentage of the New Director Restricted Stock Unit Award subject to forfeiture is reduced by 20 percentage points as of the date of each succeeding Annual Meeting until the fifth annual meeting when 100% of the value of the New Director Restricted Stock Unit Award will be vested. The amount of the Transferred New Director Restricted Stock Unit Award subject to forfeiture shall continue to be reduced under this Plan annually as of April 30th, continuing on the same timeline and at the same percentages as provided under the UTC

DSU Plan taking into account service as director on UTC Board and Otis Board, provided that a Participant has not experienced a Separation of Service. There will be no forfeiture of interest in the Transferred New Director Restricted Stock Unit Award in the event the Separation of Service occurs by reason of the Participant's death, Disability, or for any reason following a "Change in Control" as such terms are defined in the LTIP while the Participant is a member of the Board, or in the event of the Participant's resignation or retirement from the Board for the purpose of accepting full-time employment in public or charitable service.

4.04 Accounts.

(a) *Plan Accounts.* All (i) Deferred Annual Retainers and (ii) Annual Deferred Stock Unit Awards, including assumed Carrier Transferred Director benefits under the UTC DSU Plan, earned or vested after December 31, 2004, which include Transferred New Director Restricted Stock Unit Awards (if applicable), shall be maintained in a Participant's Account established under, and subject to the terms and conditions of the Plan, as amended from time to time. Subaccounts may be maintained within Participants' Accounts, to the extent that the Committee determines such an arrangement to be necessary or useful, in the administration of the Plan.

(b) *Prior Plan Accounts.* All assumed Carrier Transferred Director benefits under the UTC DSU Plan, including Deferred Stock Unit and Transferred New Director Restricted Stock Unit Awards, earned and vested prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A (*e.g.*, increases in unit value and dividend equivalents), shall be maintained in separate account(s) under the Prior Carrier Plan and shall remain subject to the terms and conditions of the Prior Carrier Plan which reflect a continuation of the Prior UTC Plan as in effect on October 3, 2004. Prior Carrier Plan accounts shall be equal to the value earned and vested on December 31, 2004, as subsequently adjusted in accordance with the terms of the Prior Carrier Plan. The Prior Carrier Plan and Prior Carrier Plan accounts are not intended to be subject to Section 409A. No amendment to Appendix A that would constitute a "material modification" for purposes of Section 409A shall be effective unless the amending instrument states that it is intended to materially modify Appendix A, and to cause the Prior Carrier Plan to become subject to Section 409A.

4.05 Deferred Stock Unit Accounts.

(a) *Calculation of Deferred Stock Units*. A Participant's Account (including a Transferred New Director Restricted Stock Unit Account) shall be credited with the number of Deferred Stock Units in accordance with the following rules:

(i) *Opening Account Balances for Transferred Directors*. As of the effective time of the Spin-off, there shall be credited under the Plan the Deferred Stock Units of the Transferred Carrier Directors previously held under the UTC DSU Plan, as such Deferred Stock Units balances are adjusted as of the effective time of the Spin-off in accordance with the terms of the Employee Matters Agreement as detailed in Section 1.02 of the Plan.

(ii) *Initial Crediting of Deferred Stock Units.* The Annual Deferred Stock Unit Award and Deferred Annual Retainer (if any) credited to a Participant's Account for a Plan Year under Sections 4.01 and 4.02 shall result in a number of Deferred Stock Units (including fractional Deferred Stock Units) credited to Participant's Account equal to the sum of the dollar amounts of the Annual Deferred Stock Unit Award and the Deferred Annual Retainer (if any), divided by the Closing Price on the date of the Annual Meeting. Notwithstanding the foregoing, for (i) Annual Deferred Stock Unit Awards and Deferred Annual Retainers (if any) relating to the Board Cycle that commences on the date of the Spin-off, the relevant Closing Price shall be the Closing Price on the date that is two business days following the date of the Company's earnings release for the first quarter of 2020, (ii) Annual Deferred Stock Unit Awards for a new Participant, the relevant Closing Price shall be the Closing Price on the date the Participant is elected to the Board and (iii) any Deferred Stock Units attributable to a new Participant's Deferred Annual Retainer, the relevant Closing Price shall be the Closing Price on the date the Participant is elected to the Board if the Participant returns the deferral election on or prior to the date he or she is elected to the Board, otherwise the relevant Closing Price shall be the Closing Price on the last day of the 30-day election period described in Section 5.02.

(iii) *Deemed Reinvestment of Dividends.* The number of Deferred Stock Units credited to a Participant's Account shall be increased on each date on which

a dividend is paid on the underlying referenced common stock that relates to a Deferred Stock Unit. The number of additional Carrier, Otis or UTC Deferred Stock Units credited to a Participant's Account as a result of such dividend payment on a Carrier DSU, Otis DSU or UTC DSU, respectively, shall be determined by (A) multiplying the total number of relevant Deferred Stock Units (including fractional Deferred Stock Units) credited to the Participant's Account on the dividend payment date by the amount of the dividend paid per share of Carrier, Otis or UTC common stock that is the underlying referenced common stock for purposes of the relevant Deferred Stock Unit on the dividend payment date, and (B) dividing the product so determined by the Closing Price of the underlying referenced common stock on the dividend payment date.

(iv) *Effect of Recapitalization.* In the event of a transaction or event described in this subparagraph (iv) (a "Recapitalization Event"), the number of the applicable Deferred Stock Units credited to a Participant's Account shall be adjusted in the same manner as an outstanding share of common stock which is the underlying referenced security of such Deferred Stock Units. A Recapitalization Event includes a dividend (other than regular quarterly dividends) or other extraordinary distribution to a holder of a share of common stock which is the underlying referenced security of such Deferred Stock Unit (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event that has a material effect on a share of common stock which is the underlying referenced security of such Deferred Stock Unit and requires conforming adjustment to the value and/or number of applicable Deferred Stock Units which reference such security to prevent dilution or enlargement of the value of Participants' Accounts.

4.06 Hypothetical Nature of Accounts and Investments.

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds, shares or other assets. The Carrier, UTC, and Otis Deferred Stock Units established hereunder shall be used solely to determine the amounts to be distributed hereunder, shall not be or represent an equity security of the Corporation, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Corporation prior to a Conversion Date as provided for under the terms of this Plan and shall not carry any voting or dividend rights.

ARTICLE V
ELECTION PROCEDURES AND DISTRIBUTIONS

5.01 Annual Retainer Deferral Election.

Participants who elect to defer the receipt of the Annual Retainer as Carrier Deferred Stock Units for any Plan Year must make a written deferral election for that year on an Election form provided by the Committee.

5.02 Annual Retainer Deferral Election Deadline.

A written Election form must be completed and submitted to the Office of the Corporate Secretary, no later than December 31st, prior to the Plan Year for which the Annual Retainer will be earned or, for new Participants, no later than 30 days after their election to the Board (in the case of new Participants, the deferral shall only apply to compensation for services performed after the date of the election). If a Participant fails to timely submit a properly completed Election form, the Participant's Annual Retainer earned in the next succeeding year shall be paid in cash as provided in Section 4.02. The Participant's deferral election shall be irrevocable following the Election deadline.

5.03 Distribution Commencement Date.

(a) *Carrier Deferred Stock Units*. Carrier Deferred Stock Units shall be valued based on the Closing Price as of the date of Separation from Service (or in the case of installment payments, the Separation from Service Anniversary Date) and will be converted into shares of Carrier Common Stock and be distributed in stock from a Participant's Account as of the

Participant's Distribution Commencement Date (and in the case of installment payments, on the applicable Distribution Anniversary Dates). Where the Participant has changed his or her distribution election as provided in Section 5.05, valuation shall occur, and distribution shall commence, no earlier than on the fifth anniversary of the Participant's Separation from Service and elected Distribution Date respectively.

(b) *UTC and Otis Deferred Stock Units*. UTC and Otis Deferred Stock Units shall be valued based on the Closing Price as of the date of Separation from Service (or in the case of installment payments, on the Separation from Service Anniversary Date) and will be distributed in cash from a Participant's Account as of the Participant's Distribution Commencement Date (and in the case of installment payments, on the applicable Distribution Anniversary Dates). Where the Participant has changed his or her distribution election as provided in Section 5.05, valuation shall occur and distribution shall commence no earlier than on the fifth anniversary of the Participant's Separation from Service and elected Distribution Date respectively.

(c) *Death.* If a Participant dies at any time before the Participant's Plan Account has been fully distributed, the full remaining value of the Participant's Plan Accounts will be distributed to the designated Beneficiary or the Participant's estate in a lump sum no later than December 31st of the year immediately following the year in which the death occurred.

(d) *Administrative Adjustments in Payment Date.* A distribution is treated as being made on the date when it is due under the Plan if the distribution occurs on the date specified by the Plan, or on a later date that is either (a) in the same calendar year (for a distribution whose specified due date is on or before September 30) or (b) by the 15th day of the third calendar month following the date specified by the Plan (for a distribution with a specified due date that is on or after October 1). A distribution is also treated as having been made on the date when it is due under the Plan if the distribution is made not more than 30 days before the due date specified by the Plan. A Participant may not, directly or indirectly, designate the taxable year of a distribution made in reliance on the administrative rules in this Section 5.03.

5.04 Election of Form and Amount of Distribution.

(a) *Full Distribution.* Following a Separation from Service, a Participant shall receive (i) a number of shares of Carrier Common Stock equal to the of the number of whole Carrier Deferred Stock Units credited to his or her Account, and (ii) the cash value of the UTC and Otis Deferred Stock Units credited to his or her Account (if applicable), unless the

Participant timely elected to receive distributions from his or her Account in 10 or 15 annual installments in accordance with subsection (b), below. A distribution of shares of Carrier Common Stock shall occur as provided in Section 5.03. UTC and Otis Deferred Stock Units and Carrier fractional Deferred Stock Units will be paid in cash.

(b) *10 or 15 Annual Installments.* A Participant may elect to receive distributions from his or her Account in 10 or 15 installments, in lieu of a full distribution under subsection (a) above. Annual installment distributions of whole Carrier Deferred Stock Units shall be in shares of Carrier Common Stock, and annual installment distributions of UTC and Otis Deferred Stock Units and fractional Carrier Deferred Stock Units shall be in cash. Installment distributions shall commence as of the Distribution Commencement Date and continue as of each Distribution Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal 1/10th or 1/15th (if Participant elects 10 or 15 installment payments respectively) of the value of the Participant's Accounts, determined as of the Distribution Commencement Date. Each successive annual installment shall equal the value of the Participant's Accounts, determined as of the Distribution Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which shall be the number of remaining annual installments. Payment of each installment in shares of Carrier Common Stock with respect to Carrier Deferred Stock Units and cash with respect to UTC and Otis Deferred Stock Units shall be on a pro rata basis based on the outstanding balance of Carrier, UTC and Otis Deferred Stock Units.

(c) *Form of Distribution Election.* A valid election to receive annual distributions under subsection (b) shall be made in writing on an Election form, completed and submitted to the Office of the Corporate Secretary, no later than December 31st, prior to the Plan Year for which the Annual Retainer or Carrier Deferred Stock Unit Award is earned, or for new Participants, prior to the date the Participant is elected to the Board, and in no event later than 30 days after such election (in the case of new Participants, the deferral shall only apply to compensation for services performed after the date of the election). If a Participant does not make a valid distribution Election, the Participant shall be deemed to have elected to receive his or her Account in a full and immediate distribution as provided in subsection (a). Except as provided below in Section 5.05 (Change in Distribution Election), a Participant's distribution Election shall become irrevocable on the Election deadline date.

5.05 Change in Distribution Election.

A Participant may make a one-time irrevocable Election to extend the deferral period or change the form of distribution that the Participant elected under Section 5.04. A deferral extension election and/or change to the form of distribution must meet the following requirements:

(a) The new Election must be made at least 12 months prior to the Distribution Commencement Date (and the new election shall be ineffective if the Distribution Commencement Date occurs within 12 months after the date of the new Election);

(b) The new Election will not take effect until 12 months after the date when the Participant submits a new Election form to the Office of the Corporate Secretary;

(c) The new Distribution Commencement Date must be a minimum of five years later than the date on which the distribution would otherwise have commenced; and

(d) The new form of distribution must be one of the forms of payment provided under Section 5.04(a) or (b).

ARTICLE VI
ADMINISTRATION

6.01 In General.

The Committee (or its delegate) shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including, without limitation, the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any Election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right to otherwise interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.04, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

6.02 Plan Amendment and Termination.

(a) The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's

consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. To the extent that any rule or procedure adopted by the Committee is inconsistent with a provision of the Plan that is administrative, technical or ministerial in nature, the Plan shall be deemed amended to the extent of the inconsistency.

(b) In the event of suspension of the Plan, no additional deferrals shall be made under the Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of this Plan, the Prior Carrier Plan and the applicable Elections on file.

(c) Upon the termination of the Plan with respect to all Participants, and termination of all arrangements sponsored by the Corporation or its affiliates that would be aggregated with the Plan under Section 409A, the Corporation shall have the right, in its sole discretion, and notwithstanding any Elections made by the Participant, to distribute the Participant's vested Account in full, to the extent permitted under Section 409A. All distributions that may be made pursuant to this Section 6.02(c) shall be made no earlier than the 13th month and no later than the 24 months after the termination of the Plan. The Corporation may not accelerate distributions pursuant to this Section 6.02(c) if the termination of the Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Reg. Section 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate distributions under this Section 6.02(c), it shall not adopt any new arrangement that would have been aggregated with the Plan under Section 409A within three years following the date of the Plan's termination. The Committee may also provide for distribution of Plan Accounts following a termination of the Plan under any other circumstances permitted by Section 409A.

6.03 Reports to Participants.

The Committee shall make available an annual statement to each Participant reporting the value of the Participant's Account and his or her account(s) under the Prior Carrier Plan as of the end of the most recent Plan Year.

6.04 Delegation of Authority.

The Committee may delegate to officers of the Corporation any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its members.

6.05 Distribution of Shares.

The Carrier Deferred Stock Units granted under the Plan shall be issued under the LTIP, but subject to administration and distribution in accordance with the terms of this Plan. All shares of Carrier Common Stock so distributed in accordance with the terms of the Plan shall be transferred to a brokerage account designated by the Participant entitled to receive the shares. This Plan shall be under no obligation to hold or issue shares of UTC or Otis Common Stock.

ARTICLE VII
MISCELLANEOUS

7.01 Rights Not Assignable.

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person’s children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

7.02 Certain Rights Reserved.

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

7.03 Withholding Taxes.

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee determines to be required by law to be withheld from such credits and payments.

7.04 Compliance with Section 409A.

This Section 7.04 shall apply notwithstanding any other provision of this Plan. To the extent that rights or payments under this Plan are subject to Section 409A, the Plan shall be construed and administered in compliance with the conditions of Section 409A and regulations and other guidance issued pursuant to Section 409A for deferral of income taxation until the time the compensation is paid. Any distribution election that would not comply with Section 409A of the Code shall not be effective for purposes of this Plan. To the extent that a provision of this Plan does not comply with Section 409A of the Code, such provision shall be void and without effect. The Corporation does not warrant that the Plan will comply with Section 409A of the Code with respect to any Participant or with respect to any payment, however. In no event shall the Corporation; any director, officer, or employee of the Corporation (other than the Participant); or any member of the Committee be liable for any additional tax, interest, or penalty incurred by a Participant or Beneficiary as a result of the Plan's failure to satisfy the requirements of Section 409A, or as a result of the Plan's failure to satisfy any other requirements of applicable tax laws. In the event that a Participant is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Corporation), amounts that constitute "non-qualified deferred compensation" within the meaning of Section 409A that would otherwise be payable during the six-month period immediately following a Participant's Separation from Service by reason of such Separation from Service shall instead be paid or provided on the first business day of the seventh month following the month in which Participant's Separation from Service occurs.

7.05 Incompetence.

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a distribution is due under the Plan is unable to care for his or her affairs because of illness or accident or otherwise, any distribution that is due under the Plan (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be distributed, upon appropriate indemnification of the Committee and the Company, to the spouse of the Participant, or Beneficiary, or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such distribution of shares or cash payment (as the case may be) shall be a

complete discharge of any liability under the Plan with respect to the amount so distributed or paid.

7.06 Inability to Locate Participants and Beneficiaries.

Each Participant and Beneficiary entitled to receive a distribution under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable to locate a Participant or Beneficiary to whom a distribution is due under the Plan, the total amount payable to such Participant or Beneficiary shall be forfeited as of the last day of the calendar year in which the distribution first becomes due.

7.07 Successors.

The provisions of the Plan shall bind and inure to the benefit of the Corporation and its successors and assigns. The term "successors" as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Corporation, and any successors and assigns of any such corporation or other business entity.

7.08 Usage.

(a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan.

(b) *Number.* The singular form shall include the plural, where appropriate.

7.09 Severability

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or

provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

7.10 Share Ownership Requirements.

Participants, including Carrier Transferred Directors, are expected to own shares of Carrier Common Stock and have Deferred Stock Units equal in aggregate value to at least five times the then applicable base Annual Retainer amount set forth in Section 3.01 no later than the fifth Annual Meeting following a Participant's first election to the Board.

7.11 Governing Law.

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

APPENDIX A

This Appendix A sets forth the United Technologies Corporation Board of Directors Deferred Stock Unit Plan as in effect on October 3, 2004, as assumed by Carrier Global Corporation with regard to Carrier Transferred Directors (as defined below) (this "Prior Carrier Plan"), and as modified thereafter, from time to time, in a manner that does not constitute a "material modification" for purposes of Section 409A. Amounts that were earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, are generally subject to and shall continue to be governed by the terms of this Prior Carrier Plan.

Effective October 13, 2010, but prior to the Spin-off (as defined below), Stock Units credited to Participants under this Prior Carrier Plan were convertible into shares of UTC Common Stock that were issued under the LTIP of United Technologies Corporation. Notwithstanding any provision of this Prior Carrier Plan to the contrary, all distributions with respect to Stock Units under this Prior Carrier Plan shall be distributed in shares of Common Stock. The settlement of Stock Units in shares of Common Stock in lieu of cash shall in no event: (a) increase the value of any Participant's Account; (b) modify any Participant's distribution election; or (c) alter the procedures in effect under this Prior Carrier Plan with respect to elections and distributions other than the substitution of shares for cash.

Effective as of the Spin-off from United Technologies Corporation of Carrier Global Corporation ("Carrier") and Otis Worldwide Corporation ("Otis") into separate, independent public companies in 2020 (the "Spin-off"), Stock Units credited to Participants under this Prior Carrier Plan were converted, at Spin-off, into Carrier, UTC, and Otis Stock Units. Effective on and after the Spin-off date, the term "Company" shall mean Carrier Global Corporation. Carrier Deferred Stock Units credited to Participants under this Prior Carrier Plan shall be convertible into shares of Carrier Common Stock; however, UTC and Otis Deferred Stock Units shall be distributed in cash. Payment of any installment in shares of Carrier Common Stock with respect to Carrier Deferred Stock Units and cash with respect to UTC and Otis Deferred Stock Units shall be on a pro rata basis based on the outstanding balance of Carrier, UTC and Otis Deferred Stock Units. For these purposes, the definition of "Closing Price" shall include the price of the underlying referenced security for a Carrier Stock Unit or Otis Stock Unit, as applicable; the

definition of “Stock Unit” shall include a hypothetical share of Carrier and Otis, as applicable; and Carrier Stock Units and Otis Stock Units shall be increased or otherwise adjusted under Sections 402(a)(2) and (4) by reference to the underlying referenced security for a Carrier Stock Unit or Otis Stock Unit, as applicable.

The settlement of Deferred Stock Units in Common Stock and cash, as applicable, and other adjustments described herein shall in no event: (a) increase the value of any Participant’s Account; (b) modify any Participant’s distribution election; or (c) alter the procedures in effect under this Prior Carrier Plan with respect to elections and distributions other than the substitution of cash for certain shares.

Appendix A

UNITED TECHNOLOGIES CORPORATION
BOARD OF DIRECTORS
DEFERRED STOCK UNIT PLAN

Effective January 1, 1996

W/3685546v7

A

UNITED TECHNOLOGIES CORPORATION

BOARD OF DIRECTORS

DEFERRED STOCK UNIT PLAN

Table of Contents

Article I INTRODUCTION	A-1
1.01 Purpose of Plan	A-1
1.02 Effective Date of Plan	A-1
Article II DEFINITIONS	A-1
Article III CREDITS	A-2
3.01 Transition Credits	A-2
3.02 Automatic Credits	A-2
3.03 Elective Credits	A-3
Article IV ACCOUNTS AND INVESTMENTS	A-3
4.01 Accounts	A-3
4.02 Stock Units	A-3
4.03 Hypothetical Nature of Accounts and Investments	A-4
Article V PAYMENTS	A-5
5.01 Entitlement to Payment	A-5
5.02 Payment Commencement Date	A-5
5.03 Form and Amount of Payment	A-5
Article VI ADMINISTRATION	A-6
6.01 In General	A-6
6.02 Plan Amendment and Termination	A-6
6.03 Reports to Participants	A-6
6.04 Delegation of Authority	A-6
Article VII MISCELLANEOUS	A-6
7.01 Rights Not Assignable	A-6
7.02 Certain Rights Reserved	A-7
7.03 Withholding Taxes	A-7
7.04 Incompetence	A-7
7.05 Inability to Locate Participants and Beneficiaries	A-7
7.06 Successors	A-8
7.07 Usage	A-8
7.08 Severability	A-8
7.09 Governing Law	A-8

INTRODUCTION

1.01 Purpose of Plan.

The purpose of the Plan is to enhance the Company's ability to attract and retain non-employee members of the Board whose training, experience and ability will promote the interests of the Company and to directly align the interests of such non-employee Directors with the interests of the Company's shareowners by providing compensation based on the value of UTC Common Stock. The Plan is designed to permit such non-employee directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Company as members of the Board.

1.02 Effective Date of Plan.

Except as otherwise provided by Section 3.01, the Plan shall apply only to a Participant's annual Director's retainer Fees with respect to service on and after January 1, 1996.

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

Account shall mean a bookkeeping account established for a Participant under Section 4.01.

Article shall mean an article of the Plan.

Beneficiary shall mean a Participant's beneficiary, designated in writing and in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if the Participant's designated Beneficiary predeceases the Participant, the Participant's estate.

Board shall mean the Board of Directors of the Company.

Closing Price shall mean, with respect to any date specified by the Plan, the closing price of UTC Common Stock on the composite tape of New York Stock Exchange issues (or if there

was no reported sale of UTC Common Stock on such date, on the next preceding day on which there was such a reported sale).

Committee shall mean the Nominating Committee of the Board.

Company shall mean United Technologies Corporation.

Director's Fees shall mean the annual retainer fee payable to a Participant for services to the Company as a member of the Board. Director's Fees do not include special meeting fees.

Participant shall mean each member of the Board (other than a member of the Board who is also an employee of the Company or a subsidiary thereof) who is or becomes a member of the Board on or after January 1, 1996.

Payment Anniversary Date shall mean an anniversary of the Payment Commencement Date.

Payment Commencement Date shall mean the first business day of the first month following the month in which the Participant terminates service as a member of the Board.

Plan shall mean this United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as set forth herein and as amended from time to time.

Plan Year shall mean the calendar year.

Section shall mean a Section of the Plan.

Stock Unit shall mean a hypothetical share of UTC Common Stock as described in Section 4.02.

UTC Common Stock shall mean the common stock of the Company.

CREDITS

1.03 Transition Credits.

As soon as practicable on or after January 1, 1996, the Company shall credit to the Account of each Participant a number of Stock Units determined in accordance with the schedules set forth in Appendix I and Appendix II to the Plan. The credits set forth in Appendix I shall be provided in lieu of any benefits to which the Participant otherwise would have been entitled under the United Technologies Corporation Directors Retirement Plan as of its termination on December 31, 1995. The credits set forth in Appendix II shall be provided in lieu of any benefits to which the Participant otherwise would be entitled under certain deferred compensation arrangements entered into prior to January 1, 1996. The number of units set forth in Appendix II shall equal the number of tax deferred stock units (if any) credited to the Participant under any such prior deferred compensation arrangement, determined as of December 31, 1995.

1.04 Automatic Credits.

As of the beginning of each Plan Year, the Company shall credit Stock Units to each Participant's Account equal in value to 60% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1).

1.05 Elective Credits.

A Participant may elect, with respect to each Plan Year, to defer the entire portion (but not a partial portion) of the 40% of the Participant's Director's Fees that are not automatically deferred in accordance with Section 3.02 and that otherwise would be paid to the Participant in cash. If the Participant makes such an election, the Company shall credit Stock Units to the Participant's Account equal in value to 40% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1), as of the beginning of the Plan Year with respect to which the election is made (or, if later, as of the first day in the Plan Year on which the individual becomes a Participant). An election under this Section 3.03 shall be made in a form and manner satisfactory to the Committee and shall be effective for a Plan Year only if made before the beginning of the Plan Year; provided that an individual who becomes a Participant after the first day of a Plan Year may make the election for that Plan Year within 30 days of becoming a Participant.

ACCOUNTS AND INVESTMENTS

1.06 Accounts.

A separate Account under the Plan shall be established for each Participant. Such Account shall be (a) credited with the amounts credited in accordance with Article III, (b) credited (or charged, as the case may be) with the investment results determined in accordance with Section 4.02, and (c) charged with the amounts paid by the Plan to or on behalf of the Participant in accordance with Article V. Within each Participant's Account, separate subaccounts shall be maintained to the extent the Committee determines them to be necessary or useful in the administration of the Plan.

1.07 Stock Units.

(a) *Deemed Investment in UTC Common Stock*. Except as provided in subsection (b), below, a Participant's Account shall be treated as if it were invested in Stock Units that are equivalent in value to the fair market value of shares of UTC Common Stock in accordance with the following rules:

(1) *Conversion into Stock Units.* Any Director's Fees credited to a Participant's Account for a Plan Year under Section 3.02 or 3.03 shall be converted into Stock Units (including fractional Stock Units) by dividing the amount credited by the Closing Price on the first business day of the Plan Year; provided that in the case of an individual who becomes a Participant after the first day of a Plan Year, the Closing Price shall be determined as of the day on which the individual becomes a Participant.

(2) *Deemed Reinvestment of Dividends.* The number of Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on UTC Common Stock. The number of additional Stock Units credited to a Participant's Account as a result of such increase shall be determined by (i) multiplying the total number of Stock Units (excluding fractional Stock Units) credited to the Participant's Account immediately before such increase by the amount of the dividend paid per share of UTC Common Stock on the dividend payment date, and (ii) dividing the product so determined by the Closing Price on the dividend payment date.

(3) *Conversion Out of Stock Units.* The dollar value of the Stock Units credited to a Participant's Account on any date shall be determined by multiplying the number of Stock Units (including fractional Stock Units) credited to the Participant's Account by the Closing Price on that date.

(4) *Effect of Recapitalization.* In the event of a transaction or event described in this paragraph (4), the number of Stock Units credited to a Participant's Account shall be adjusted in such manner as the Committee, in its sole discretion, deems equitable. A transaction or event is described in this paragraph (4) if (i) it is a dividend (other than regular quarterly dividends) or other distribution (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event and (ii) the Committee determines that such transaction or event affects the shares of UTC Common Stock, such that an adjustment pursuant to this paragraph (4) is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(b) *Change in Deemed Investment Election.* A Participant who elects to receive distribution of his or her Accounts in annual installments will continue to have such Account credited with Stock Units during the installment period unless the Participant irrevocably elects to have his or her Account treated, as of the Payment Commencement Date, as if the Account were invested in cash. If a Participant makes such election, the Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds as of the January through October Period in the calendar year prior to the Plan Year in which the interest is credited, plus 1%. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made before the Payment Commencement Date.

1.08 Hypothetical Nature of Accounts and Investments.

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold

any actual funds or assets. The Stock Units established hereunder shall be used solely to determine the amounts to be paid hereunder, shall not be or represent an equity security of the Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company and shall not carry any voting or dividend rights.

PAYMENTS

1.09 Entitlement to Payment.

Credits to a Participant's Account under Section 3.02 or 3.03 shall be in lieu of payment to the Participant of the related Director's Fees. Any payment under the Plan with respect to an Account shall be made solely in cash and as further provided in this Article V. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Company.

1.10 Payment Commencement Date.

Payments to a Participant with respect to the Participant's Account shall begin as of the Participant's Payment Commencement Date; provided that if a Participant dies before the Participant's Payment Commencement Date, payment of the entire value of the Participant's Account shall be made in a lump sum to the Participant's Beneficiary as soon as practicable after the Committee receives all documents and other information that it requests in connection with the payment.

1.11 Form and Amount of Payment.

(a) *Fifteen Annual Installments.* A Participant shall receive his or her benefits in 15 annual installments unless the Participant elects to receive his or her benefits under the Plan in the form of a lump-sum payment or in less than 15 annual installments in accordance with subsection (b), below. Annual installments shall be payable to the Participant in cash beginning as of the Payment Commencement Date and continuing as of each Payment Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one-fifteenth (1/15th) of the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Each successive annual installment shall equal the value of the Stock Units credited to the Participant's Account, determined as of the

Payment Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which is the excess of 15 over the number of installment payments previously made (i.e., 1/14th, 1/13th, etc.). If the Participant dies after the Participant's Payment Commencement Date but before all 15 installments have been paid, the remaining installments shall be paid to the Participant's Beneficiary in accordance with the schedule in this subsection (a).

(b) *Lump Sum, or Less Than 15 Annual Installments.* A Participant may elect to receive his or her benefits under the Plan in the form of a lump-sum payment or in two to fourteen installments in lieu of the fifteen installment payments determined under subsection (a), above. The lump sum shall be payable to the Participant in cash as of the Payment Commencement Date and shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Installments shall be paid in the manner set forth in subsection (a) above, except that for purposes of determining the amount of the first annual installment, the denominator of the fraction shall equal the number of scheduled annual installments. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made at least two years before the Participant's Payment Commencement Date.

ADMINISTRATION

1.12 In General.

The Committee shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including without limitation the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right otherwise to interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.03, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

1.13 Plan Amendment and Termination.

The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. If the Plan is terminated in accordance with this Section 6.02, the terms of the Plan as in effect immediately before termination shall determine the right to payment in respect of any amounts that remain credited to a Participant's or Beneficiary's Account upon termination.

1.14 Reports to Participants.

The Committee shall furnish an annual statement to each Participant (or Beneficiary) reporting the value of the Participant's (or Beneficiary's) Account as of the end of the most recent Plan Year.

1.15 Delegation of Authority.

The Committee may delegate to officers of the Company any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its member.

MISCELLANEOUS

1.16 Rights Not Assignable.

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's

children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

1.17 Certain Rights Reserved.

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

1.18 Withholding Taxes.

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

1.19 Incompetence.

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a benefit is payable under the Plan is unable to care for his or her affairs because of illness or accident or otherwise, any payment due under the Plan (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be paid, upon appropriate indemnification of the Committee and the Company, to the spouse of the Participant or Beneficiary or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such payment shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

1.20 Inability to Locate Participants and Beneficiaries.

Each Participant and Beneficiary entitled to receive a payment under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable for a period of 36 months to locate a Participant or Beneficiary to whom a payment is due under the Plan, commencing with the first day of the month as of which such payment first comes due, the total amount payable to such Participant or Beneficiary shall be forfeited. Should such a Participant or Beneficiary subsequently contact the Committee requesting payment, the Committee shall, upon receipt of all documents and other information that it might request in connection with the payment, restore and pay the forfeited payment in a lump sum, the value of which shall not be

adjusted to reflect any interest or other type of investment earnings or gains for the period of forfeiture.

1.21 Successors.

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term "successors" as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Company, and any successors and assigns of any such corporation or other business entity.

1.22 Usage.

(a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan

(b) *Number.* The singular form shall include the plural, where appropriate.

1.23 Severability.

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

1.24 Governing Law.

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Connecticut.

COMPENSATION AND BENEFITS
FOR NON-EMPLOYEE DIRECTORS
2021-2022 Board Cycle

Annual Cash Retainer and Deferred Stock Unit Award:

Non-employee members of the Board of Directors receive annual compensation comprised of a cash retainer and deferred stock units ("DSUs") pursuant to the Carrier Board of Directors Deferred Stock Unit Plan (the "Plan"). The compensation arrangements for non-employee Directors are as follows:

	Total Combined Award	Annual Cash Retainer Award	Annual DSU Award
Base Compensation	$310,000	$124,000	$186,000

Non-employee Directors serving in leadership roles on the Board and/or its committees receive the following awards:

	Total Additional Combined Award	Additional Annual Cash Retainer Award	Additional Annual DSU Award
Lead Director	35,000	14,000	21,000
Audit Chair	25,000	10,000	15,000
Audit Members	15,000	6,000	9,000
Compensation Chair	20,000	8,000	12,000
Governance Chair	20,000	8,000	12,000

The Annual Cash Retainer and DSUs will be issued to non-employee Directors as of the date of Carrier's Annual Meeting of Shareowners (the "Annual Meeting"). A Director may elect to receive additional DSUs in lieu of the Annual Cash Retainer Award by making a timely election in accordance with the Plan. The number of DSUs will be determined by dividing the Annual DSU Award (including the Annual Cash Retainer Award if so elected by the Director) by the closing price of Carrier common stock on the date of the Annual Meeting. Fractional DSUs are credited to the Director's account. All whole or partial DSUs are eligible for dividend equivalents equal to Carrier's declared dividend and will be credited to a Director's account as additional DSUs on the date the dividend is paid.

Upon retirement or termination from the Board, DSUs held in your account will be converted into shares of Carrier common stock and distributed to you, unless you elected 10 or 15 annual installments, in which case DSUs will be converted to shares of stock in accordance with the installment schedule. During the installment period, the value of your account will not be taxable until each installment distribution is received. In the event of your death before distribution, the full value of your account will be distributed to your estate unless a Beneficiary Designation form is on file. DSUs will be governed by the terms and conditions of the Carrier Global Corporation Board of Directors Deferred Stock Unit Plan.

Directors elected after September 30, but before the next Annual Meeting, receive half of the Base Compensation plus half of any additional awards for serving in leadership roles.

Extra Meeting Fees:
Non-employee Directors will receive an additional $5,000 cash payment for each special meeting of the Board or a committee attended in person. This amount may not be elected as DSUs.

Carrier Stock Ownership Guidelines:
To further encourage the alignment of Board and shareowner interests, non-employee Directors are required to own shares of Carrier Common Stock – including DSUs – that are equal in value to at least five times the then applicable Annual Cash Retainer Award within five years of joining the Board.

Form of Carrier Award Agreement – Founder's Grant

LTIP Award Agreement

I hereby accept this award, and agree to be bound by the terms, conditions, and restrictions of such award as set forth in the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "LTIP") and the Schedule of Terms applicable to this award. I understand that these documents are available on the UBS site and acknowledge that I have had the opportunity to review these documents. I understand that hard copy documents are also available from the Company at my request. I understand the conditions upon which my award is subject to forfeiture and / or recoupment. I accept responsibility for any tax liabilities associated with this award at the time of grant, lapse, exercise and / or sale and I authorize the Company and / or its Affiliates, in its sole discretion, to withhold any amounts necessary to comply with tax withholding and filing requirements. In accepting this award, I voluntarily consent to and authorize the Company, its Affiliates, and its third party administrators to collect, use, process, transmit and hold my personal data (including sensitive personal data), in electronic or other form, as required for the implementation, administration, and management of the LTIP and this award within or outside the country in which I reside or work. I understand that if I do not want to have my personal data shared, I may choose to not accept this award. I understand and accept that the LTIP and all Awards made, and actions taken thereunder, are governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws and, where applicable, the laws of the United States. I understand and agree that if this Agreement or any other document related to this award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

I have read and understand the terms and conditions of this award as documented in the LTIP and Schedule of Terms. I agree that my electronic signature constitutes my final and binding agreement to such terms and conditions.

Award highlights:

Grant Type	Performance Share Unit (PSU)
Award Weighting (% of total award)	50%
Grant Date	May 14, 2020
Vest Date	May 14, 2023
Performance Measure	3-year Relative TSR compared to a subset of S&P 500 Industrials (31 companies)
Performance Period	May 14, 2020 to May 14, 2023
Payout Range	0% to 200%; maximum payout of 100% if TSR is negative (regardless of relative performance)
Dividend Eligibility	PSUs do not earn reinvested dividends

Grant Type	Stock Appreciation Right (SAR)
Award Weighting (% of total award)	50%
Grant Date	May 14, 2020
Vest Date	May 14, 2023
Expiration Date	May 13, 2030
Grant Price	Closing stock price on grant date

Carrier Refrigeration ECR Holding Luxembourg S.à r.l.

and

Breeze TopCo S.à r.l.

Share purchase agreement
regarding
Beijer Ref AB (publ),
7 December 2020

VINGE

TABLE OF CONTENTS

Share purchase agreement **3**

1 Background **3**

2 Definitions and interpretation **3**

3 Sale and purchase **5**

4 Purchase Price **5**

5 Condition to Closing **6**

6 Payment and settlement **6**

7 Warranties of the Seller **7**

8 Warranties of the Buyer **8**

9 Remedies **9**

10 Confidentiality **10**

11 Announcements **10**

12 Assignments **11**

13 Governing law and disputes **11**

14 Execution **12**

APPENDIX

Appendix 7.1 Data Room Documents

Share purchase agreement

This share purchase agreement is entered into on 7 December, 2020 between:

(1) **Carrier Refrigeration ECR Holding Luxembourg S.à r.l.**, Reg. No. B142573, having its registered address at 46A, avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg (the "**Seller**"); and

(2) **Breeze TopCo S.à r.l.**, Reg. No. B249113, having its registered address at 26A Boulevard Royal, 2449 Luxembourg, Luxembourg (the "**Buyer**").

1 Background

1.1 **Beijer Ref AB (publ)**, Reg. No. 556040-8113, having its registered address at Stortorget 8, 211 34 Malmö, Sweden (the "**Company**"), has, as at the date hereof, according to its public filings, a share capital of SEK 371,684,512.5 divided into 127,434,690 shares, of which 9,918,720 are class A shares and 117,515,970 are class B shares. The class B shares in the Company are listed on Nasdaq Stockholm.

1.2 The Seller owns and the Buyer desires to purchase from the Seller 2,152,260 class A shares and 35,631,616 class B shares in the Company, in total 37,783,876 shares (the "**Shares**").

1.3 The Seller agrees to sell and the Buyer agrees to purchase the Shares on the terms and conditions in this Agreement (the "**Transaction**").

2 Definitions and interpretation

2.1 In this Agreement, the following definitions are used:

"**Affiliate**" means, with respect to any Person (i) a closely related Person (Sw. närstående) as set out in Chapter 21, Section 1 of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)), (ii) any other Person directly or indirectly Controlled by or under common Control with the first-mentioned Person, (iii) any Person being Controlled by or under the common Control of the same Person that directly or indirectly controls or jointly controls the first-mentioned Person (as concerns the Buyer, including EQT Partners AB and its subsidiaries, as well as any EQT branded funds), and (iv) any other Person directly or indirectly Controlling or jointly Controlling such first-mentioned Person provided that, in each case, the Company will not be deemed an Affiliate of the Seller following the Closing;

"**Agreement**" means this share purchase agreement, including all appendices attached to it;

"**Business Day**" means a day on which bank offices are generally open for business in Sweden and Luxembourg;

"**Buyer**" has the meaning set out in the introductory paragraph (2);

"**Buyer Representatives**" means those directors, employees and advisors of the Buyer and its Affiliates who have been engaged in the Due Diligence or negotiations, or otherwise been involved in the discussions leading up to this Agreement;

"**Closing**" means the completion of the Transaction as set out in Section 6;

"**Closing Date**" means the first Business Day following the later of (i) receipt of competition clearance from the Competition Authority and (ii) 21 December 2020;

"**Condition**" means the condition to Closing set out in Clause 5.1 (*Competition Clearance*);

"**Company**" has the meaning set out in Section 1.1;

"**Competition Authority**" means the German Federal Cartel Office (*Bundeskartellamt*);

"**Confidential Information**" means information of any kind or nature, whether disclosed in writing, orally, electronically or by other means, including the entering into or the performance of this Agreement, the terms and conditions of this Agreement and information obtained in connection with the sales process in respect of the Transaction, financial information, trade secrets, customer lists and other information regarding the Buyer, the Seller, the Seller group and the Company, provided that such information is not known to the general public;

"**Control**" means the possession, directly or indirectly, of the power to direct or influence the direction of the management or policies of a Person, whether through ownership or otherwise, and the terms "**Controlling**" and "**Controlled**" shall have a correlative meaning;

"**Data Room**" has the meaning set out in Section 7.1;

"**Due Diligence**" has the meaning set out in Section 7.1;

"**Group**" means the group of companies in which the Company is the parent company;

"**Group Company**" means the Company or each of the Company's, direct or indirect, subsidiaries, and "**Group Companies**" means the Company and the subsidiaries, collectively;

"**Nasdaq Stockholm**" means the regulated market operated by Nasdaq Stockholm AB.

"**Party**" means the Seller or the Buyer, and "**Parties**", means the Seller and the Buyer, collectively;

"**Person**" means any individual or corporation, legal entity, partnership, association, trust or any other body, entity or organisation of any kind, including any government, governmental or public entity;

"**Purchase Price**" has the meaning set out in Section 4;

"**SCC**" has the meaning set out in Section 13.2;

"**SEK**" means the currency Swedish krona;

"**Seller**" has the meaning set out in the introductory paragraph (1);

"**Shares**" has the meaning set out in Section 1.2;

"**Signing Date**" means the date of this Agreement;

"**Transaction**" has the meaning set out in Section 1.3; and

"**Warranties**" means the warranties (Sw. garantier) of the Seller set out in Sections 7.4, 7.5 and 7.6.

2.2 In this Agreement, save where the context otherwise requires:

(a) the singular includes the plural and vice versa;

(b) references to any statutory or regulatory provision shall include such provision (as amended from time to time) whether before on or after the Signing Date and shall further include all statutory or regulatory instruments or orders from time to time made pursuant thereto;

(c) references to Sections and Appendices are to Sections of and Appendices to this Agreement;

(d) if a period of time is specified and dates from a given day or the day of an act or event, it shall be calculated exclusive of that day;

(e) a reference to a balance sheet or profit and loss statement or any accounts shall include a reference to any note forming part of it;

(f) headings are for convenience only and shall not affect the interpretation; and

(g) the term "including" and other similar expressions shall be non-exclusive and hence be read as "including but not limited to".

3 Sale and purchase

3.1 Upon the terms and subject to the conditions of this Agreement, the Seller agrees to sell to the Buyer and the Buyer agrees to purchase from the Seller the Shares, together with all rights attached to them.

3.2 Upon completion of the Closing, title to the Shares shall be transferred to the Buyer in exchange for the Purchase Price.

4 Purchase Price

4.1 The purchase price to be paid by the Buyer to the Seller for the class A Shares shall be SEK 527,303,700 and SEK 8,729,745,920 for the class B Shares, in total SEK 9,257,049,620 for the Shares (the "**Purchase Price**").

4.2 The Seller shall instruct, and take the actions necessary to cause, the bank that operates the securities accounts of the Shares to transfer the Shares to the Buyer's securities account as set out in Section 6.2 on or as soon as practically possible following the Closing Date.

5 Condition to Closing

5.1 Competition Clearance

(a) The respective obligations of the Buyer and the Seller to complete the Transaction shall be subject to Transaction being cleared by the Competition Authority or the Transaction being deemed cleared under the German Act Against Restraints of Competition. The Buyer undertakes to submit a (in the reasonable opinion of the Buyer) complete notification to the Competition Authority immediately following the entering of this Agreement.

(b) The Buyer shall take all reasonable measures to fulfil the condition precedent set out in Clause 5.1 as soon as possible. The Buyer shall respond as promptly and completely as reasonably possible to all inquiries received from the Competition Authority for additional information or documentation.

(c) The Buyer shall promptly inform the Seller of the progress of the proceedings. The Seller, or any Person or Persons designated by the Seller, shall be entitled to assist in the preparation of any notification to and any correspondence with, and to participate in any meetings and planned telephone contacts with, the Competition Authority (and shall be given reasonable advance notice of any such meetings and planned telephone contacts) provided that such assistance does not cause unreasonable delay in the merger filing process. If so requested by the Buyer, the Seller shall provide, and shall use reasonable measures to ensure that the Group Companies provide, such assistance and information that are reasonably required in order for the Buyer to be able to fulfil its obligations under this Clause 5.1.

6 Payment and settlement

6.1 The Buyer shall pay the Purchase Price, in immediately available funds by way of wire transfer, to the Seller's bank account with Nordea Bank set out below on the Closing Date:

Beneficiary Name	[Redacted]
Bank account	[Redacted]
Bank name	[Redacted]
IBAN	[Redacted]
BIC	[Redacted]

6.2 The Shares shall be transferred from the Seller to the Buyer's securities account as designated by the Buyer as soon as possible following Signing, following the receipt of the Purchase Price on the Closing Date.

6.3 The Parties acknowledge that the Transaction triggers an obligation for each Party to submit a notification on changes of major shareholdings in the Company in accordance with applicable law and that it is each Party's sole responsibility to submit such notification.

7 Warranties of the Seller

7.1 The Buyer and the Buyer Representatives have, prior to the Signing Date, conducted a due diligence investigation of the Company and its business, during which the Buyer and the Buyer Representatives have (i) had access to a data room (the "**Data Room**"), and have thus reviewed the documents listed in Appendix 6.1, and any other documents included in the Data Room, and (ii) attended management presentations and had meetings with the management of the Company and the Seller and its advisors (the "**Due Diligence**"). During the Due Diligence, the Buyer and the Buyer Representatives have obtained all information (whether in writing, orally, electronically or by other means) and raised all questions that the Buyer and the Buyer Representatives have deemed proper and necessary for the purposes of entering into this Agreement. The information included in the Due Diligence shall be considered as disclosures against the Warranties. The Buyer specifically understands that the Warranties do not release the Buyer from carrying out a prudent investigation of the state of affairs of the Company.

7.2 The Buyer is aware and acknowledges (i) that the Seller does not assume and shall have no liability whatsoever for the accuracy or completeness of the information provided in the Data Room, (ii) that the Seller has not made, and the Buyer has not relied on, any warranty (expressed or implied) regarding the Shares, the Company, its business or any other matter relating to the Company or the Transaction except as expressly set out in the Warranties, whether based on the provisions of the Swedish Sale of Goods Act (Sw. köplagen) or under any other statute, law or legal principle, and (iii) that the Buyer is relying solely upon its own assessment of the Company and its business. The Buyer is aware and acknowledges that no act or omission by the Seller or the Company shall be construed as implying any warranty and irrevocably waives any right to claim damages for breach based on any fact, matter or circumstance not expressly set out in this Agreement.

7.3 Subject to the qualifications and limitations set out herein, the Seller makes the following Warranties (Sw. garantier) to the Buyer, all of which are made as of the Signing Date and as of the Closing Date.

7.4 Corporate existence

(a) The Seller is duly incorporated and validly existing under the laws of the jurisdiction in which the Seller was incorporated.

(b) The Seller has not filed (or had filed against it) any petition for its compulsory or voluntary liquidation, is not insolvent within the meaning of applicable laws, rules or regulations or similar requirements and has not made any assignment in favour

of its creditors, nor has any petition for receivership or any administration order been presented in respect of the Seller. The Seller has not initiated any proceedings with respect to a compromise or arrangement with its creditors or for the dissolution, liquidation or reorganisation of the Seller or the winding up or cessation of its business. No receiver or administrative receiver or liquidator has been appointed in respect of the Seller or any of its material assets.

7.5 Corporate authorisation and non-contravention

(a) The Seller has the requisite power and authority to enter into and perform this Agreement.

(b) This Agreement and the performance by the Seller of its obligations hereunder have been duly authorised by all necessary corporate actions on the part of the Seller, and this Agreement and any other documents or instruments to be executed by the Seller pursuant to this Agreement will, when executed, constitute valid and binding obligations of the Seller in accordance with their respective terms.

(c) The Seller does not require any consent or approval from any governmental or other regulatory body to enter into this Agreement or to fulfil any of its undertakings contained herein other than competition clearance from the Competition Authority.

(d) The execution and performance by the Seller of this Agreement does not and will not result in a breach of any provision of the articles of association or any other similar constitutional document of the Seller.

7.6 Ownership of the Shares

(a) As of the Signing Date and the Closing Date, the Seller lawfully owns and has good and transferable title to the Shares and the Shares are free and clear from any option, lien or any other encumbrance (being any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement).

8 Warranties of the Buyer

The Buyer makes the following warranties, all of which are made as of the Signing Date and as of the Closing Date. The Buyer provides no other representation or warranty of any kind with respect to this Agreement, the Transaction or otherwise.

8.1 Corporate existence

(a) The Buyer is duly incorporated and validly existing under the laws of the jurisdiction in which the Buyer was incorporated.

(b) The Buyer has not filed (or had filed against it) any petition for its compulsory or voluntary liquidation, is not insolvent within the meaning of applicable laws, rules or regulations or similar requirements and has not made any assignment in favour of its creditors, nor has any petition for receivership or any administration order

been presented in respect of the Buyer. The Buyer has not initiated any proceedings with respect to a compromise or arrangement with its creditors or for the dissolution, liquidation or reorganisation of the Buyer or the winding up or cessation of its business. No receiver or administrative receiver or liquidator has been appointed in respect of the Buyer or any of its material assets.

(c) The Buyer warrants that a single entity will purchase the Shares and that it is, and any other entity purchasing the Shares will be wholly owned by the EQT IX Fund[1], an EQT[2]-branded fund.

8.2 Corporate authorisation and non-contravention

(a) The Buyer has the requisite power and authority to enter into and perform this Agreement.

(b) This Agreement and the performance by the Buyer of its obligations hereunder have been duly authorised by all necessary actions on the part of the Buyer, and this Agreement and any other documents or instruments to be executed by the Buyer pursuant to this Agreement will, when executed, constitute valid and binding obligations of the Buyer in accordance with their respective terms.

(c) The execution and performance by the Buyer of this Agreement does not and will not result in a breach of any provision of the articles of association or any other similar constitutional document of the Buyer.

8.3 The Buyer does not require any consent or approval from any governmental or other regulatory body to enter into this Agreement or to fulfil any of its undertakings contained herein other than competition clearance from the Competition Authority .

9 Remedies

9.1 Except for price reduction of the Purchase Price, the Buyer shall have no other remedies at law or in equity.

9.2 Each Party shall mitigate any loss or damage incurred prior to directing a claim towards the other Party.

9.3 If the Seller makes any payment to the Buyer as a settlement of a claim and the Buyer or the Company has the right to recover from any other Person any amount that has formed the basis of the claim, the Buyer shall promptly and without request from the Seller assign such right to the Seller.

[1] The EQT IX Fund comprising i) EQT IX Collect EUR SCSp, a Luxembourg special limited partnership (*société en commandite spéciale*) with its registered office at 26A, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 239.741, acting by its manager (*gérant*) EQT Fund Management S.à r.l., a Luxembourg limited liability company (*société à responsabilité limitée*) with registered office at 26A, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*), under number B167.972, and ii) EQT IX Collect USD SCSp, a Luxembourg special limited partnership (*société en commandite spéciale*) with its registered office at 26A, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 239.744, acting by its manager (*gérant*) EQT Fund Management S.à r.l.

[2] "EQT" refers to EQT AB (publ) and its associates and, where the context requires, any one or more EQT branded funds and any successor funds to such funds.

9.4 It is specifically agreed that the Seller's liability pursuant to this Agreement is exclusively governed by this Agreement and no remedy whatsoever under the Swedish Sale of Goods Act (Sw. köplagen) or under any other statute, law or legal principle, including the right to rescind (Sw. häva) the Agreement, shall be available.

9.5 The Buyer waives all rights of set-off, counterclaim, deduction or retention against or in respect of any of its payment obligations under this Agreement.

10 Confidentiality

10.1 Each Party undertakes not to use or disclose any Confidential Information unless (i) required to do so by law or pursuant to an order of court or other competent authority, tribunal or regulatory body (ii) required to do so by applicable stock exchange regulations or the regulations of another recognised market place (iii) such disclosure has been consented to by the non-disclosing Party in writing (such consent not to be unreasonably withheld or delayed) or (iv) such disclosure is made to the disclosing Party's Affiliate, and any of its or their managers, directors, officers, employees, financing banks (if any), professional advisers or an investor or potential investor in any EQT-branded fund who are, or are likely to be, directly concerned with the Transaction and who need to know the Confidential Information (or any part of it) for the purpose of the Transaction, provided that the disclosing Party inform each such Person of the confidential nature of the Confidential Information and direct that they adhere to the terms of the confidentiality undertaking set out in Section 10 as if such person was a party to this Agreement. Accordingly, the disclosing Party shall be responsible for any breach of the provisions of Section 10 by any such person.

10.2 If a Party becomes required to disclose information in circumstances referred to in Section 10.1 (i) or (ii), the disclosing Party shall use its reasonable endeavours to consult with the non-disclosing Party prior to the disclosure, and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information to the extent reasonably requested by the non-disclosing Party. In any event, the disclosing Party shall provide the non-disclosing Party with prompt written notice following disclosure of information in accordance with Section 10.1(i) or (ii) so that the non-disclosing Party may seek (with the co-operation and reasonable efforts from the disclosing Party) a protective order, confidential treatment or other appropriate remedy.

10.3 The Parties agree to make commercially reasonable and permissible efforts to ensure that disclosure regarding the pricing for the Shares under this Agreement is limited to the express terms of this Agreement or the foreign currency equivalents of the amounts expressed herein unless required by law, or by applicable stock exchange regulations or the regulations of another recognised market place stock exchange rules or pursuant to an order of court or other competent authority, tribunal or regulatory body.

11 Announcements

Other than with respect to matters covered by section 10.3, except as required by applicable law or stock exchange rules, all press releases, public announcements and public

relations activities by either Party with regard to this Agreement or the Transaction shall be approved by the other Party (such approval not to be unreasonably withheld or delayed) in advance of such release, announcement or public relation activity.

12 Assignments

12.1 No Party may assign, delegate, sub-contract or otherwise transfer, pledge or grant any other security interest in or over any of its rights or obligations under this Agreement without the prior written consent of the other Party. However, the Buyer shall be entitled to assign in whole or in part the benefit of this Agreement, or otherwise transfer or pledge or grant other security interest in or over its rights under this Agreement to any bank, financial institution, lender or other entity (and their assignees or transferees) participating in the financing or refinancing of the Transaction, provided that such assignment, transfer, pledge or granting of any other security interest does not prejudice the Seller's rights under this Agreement.

12.2 This notwithstanding, each Party shall have the right to transfer or assign, in whole but not in part, its rights and/or obligations under this Agreement to an Affiliate, provided however that such assignment shall not be absolute but shall be expressed to have effect only for so long as the assignee remains a subsidiary of the party concerned and provided that such Party at all times shall remain liable for the obligations of the Affiliate under this Agreement.

13 Governing law and disputes

13.1 This Agreement shall be governed by and construed in accordance with the laws of Sweden.

13.2 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity of this Agreement, shall be finally settled by arbitration administered by the Arbitration Institute of the Stockholm Chamber of Commerce (the "**SCC**").

13.3 The Rules for Expedited Arbitrations shall apply, unless the SCC in its discretion determines, taking into account the complexity of the case, the amount in dispute and other circumstances, that the Arbitration Rules shall apply. In the latter case, the SCC shall also decide whether the Arbitral Tribunal shall be composed of one or three arbitrators.

13.4 The Parties undertake and agree that all arbitral proceedings conducted with reference to this arbitration clause will be kept strictly confidential. This confidentiality undertaking shall cover all information disclosed in the course of such arbitral proceedings, provided that such information is not already in the public domain, as well as any decision or award that is made or declared during the proceedings. Information covered by this confidentiality undertaking may not, in any form, be disclosed to a third party without the written consent of the other Party. Notwithstanding the foregoing, a Party shall not be prevented from disclosing such information if obliged to do so by law or pursuant to any order of court or other competent authority or tribunal or required by any applicable stock

exchange regulations or the regulations of any other recognised market place, or to its Affiliates, and any of its or their directors, employees, professional advisers who are, or are likely to be, directly concerned with the dispute and who need to know such information, or in order to safeguard in the best possible way its rights in connection with the dispute, provided that the disclosing Party inform each such person of the confidential nature of the information and direct that they adhere to the terms of the undertaking set out in Section 13 as if such person was a party to this Agreement. Accordingly, the disclosing Party shall be responsible for any breach of the provisions of Section 13 by any such person.

13.5 In case this Agreement or any part of it is assigned or transferred to a third party, such third party shall automatically be bound by the provisions of this arbitration clause.

14 Execution

The Parties acknowledge and agree that each Party have the right to execute this Agreement through paper or by use of electronic signature technology, in each case as reasonably acceptable to the other Party. The Parties agree that to the extent any Party signs electronically, the electronic signature is the legally binding equivalent to a handwritten signature. Whenever a Party executes an electronic signature, it has the same validity and meaning as a handwritten signature. The Parties will not, at any time in the future, repudiate the meaning of their electronic signature or claim that their electronic signature is not legally binding.

This Agreement has been duly executed in two (2) original copies, of which each of the Parties has taken one (1) copy.

Place:
Date:

Date:

Carrier Refrigeration ECR Holding Luxembourg S.à r.l.

/s/Kevin O'Connor

Name: Kevin O'Connor

Title: Proper Officer

This Agreement has been duly executed in two (2) original copies, of which each of the Parties has taken one (1) copy.

Place:
Date: 2020-12-07

Breeze TopCo S.à r.l.
Represented by its sole manager **EQT Luxembourg Management S.à r.l.**
Itself represented by

/s/Morten Skipper

Name: Morten Skipper
Title: Class A Manager

Place
Date: 2020-12-07

/s/Patrick Andersson

Name: Patrick Andersson
Title: Class A Manager

Exhibit 21

SUBSIDIARIES OF CARRIER GLOBAL CORPORATION

The following entities are expected to be subsidiaries of Carrier Global Corporation as of December 31, 2020:

Subsidiary	State or Country of Incorporation or Organization
Carrier Global Corporation	Delaware
Carrier (US) LLC	Delaware
Carrier Corporation	Delaware
Carrier Far East Limited	Hong Kong
UTEC, Inc.	Delaware
Carrier Fire & Security Luxembourg S.a r.l.,	Luxembourg
Carrier Refrigeration ECR Holding Luxembourg, S.a r.l.	Luxembourg
Carrier Fire & Security Corporation	Delaware
Kidde US Holdings Inc.	Delaware
Carrier Fire & Security Americas Corporation	Delaware
Walter Kidde Portable Equipment Inc.	Delaware
Jada Holdings B.V.	Netherlands
Sebec Holdings Corporation	Nova Scotia
Carrier HVACR Investments B.V.	Netherlands
Ardmore Holdings S.a.r.l.	Luxembourg
Ainsworth Holdings SAS	France
Carrier Refrigeration ECR Holding Luxembourg, S.a r.l.	Luxembourg
Carrier Refrigeration Switzerland Ltd	Switzerland
Carrier UK Holdings Limited	UK
Chubb Group Security Limited	UK
Kidde UK	UK
Matlock Holdings Ltd	UK
Chubb International (Netherlands) BV	Netherlands
Carrier Investments Australia Pty Ltd	Australia
Carrier Australia Commercial Holdings Pty Ltd	Australia
Silver Lake Holdings S.à r.l.	Luxembourg
Carrier Investments UK Limited	UK
Chubb Limited	UK
Chubb Group Limited	UK
Chubb International Holdings Limited	UK

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-1 (No. 333-237157), Form S-8 (No. 333-237207) and Form S-4 (No. 333-249789) of Carrier Global Corporation of our report dated February 9, 2021 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Hallandale Beach, Florida
February 9, 2021

Exhibit 31.1

CERTIFICATION

I, David Gitlin, certify that:

1. I have reviewed this annual report on Form 10-K of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2021

/s/David Gitlin
David Gitlin
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Patrick Goris, certify that:

1. I have reviewed this annual report on Form 10-K of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2021

/s/Patrick Goris

Patrick. Goris
Senior Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATION

I, Kyle Crockett, certify that:

1. I have reviewed this annual report on Form 10-K of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2021

/s/Kyle Crockett

Kyle Crockett
Vice President, Controller

Exhibit 32

Section 1350 Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Carrier Global Corporation, a Delaware corporation (the "Corporation"), does hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2020 (the "Form 10-K") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 9, 2021

/s/David Gitlin
David Gitlin
President and Chief Executive Officer

Date: February 9, 2021

/s/Patrick Goris
Patrick Goris
Senior Vice President and Chief Financial Officer

Date: February 9, 2021

/s/Kyle Crockett
Kyle Crockett
Vice President, Controller

Carrier

CARR
LISTED
NYSE

ANNUAL REPORT

2020

SOLUTIONS THAT MATTER. CONFIDENCE THAT INSPIRES.

At Carrier, we show up every day knowing that the work we do matters. We create solutions that customers can count on to help protect people and property across the globe, enhance comfort and indoor air quality in all types of buildings and homes, and provide the conditions needed to ensure that food and medicine safely reach billions of people around the planet. As a world leader in HVAC, Refrigeration and Fire & Security 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. It's about challenging ourselves to be better every day as we inspire confidence and make fundamental elements of human life possible in ways that only we can. Because at Carrier, that's what matters–and it always will.

Contents

01 About Carrier
Financials at a Glance
02 A Message from Our CEO
04 Programs
06 HVAC
08 Refrigeration
10 Fire & Security
12 Services
Digital
13 Innovation
Operations
14 Our People & Culture
16 Corporate Responsibility
18 Financials
36 Cautionary Note Concerning Factors That May Affect Future Results
78 Reconciliation of Non-GAAP Measures to Corresponding GAAP Measures
80 Board of Directors
81 Leadership
82 Shareowner Information

About Carrier

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

Financials at a Glance

$17.5B
2020 Net sales

$2.2B
2020 Adjusted operating profit[1]

12.8%
2020 Adjusted operating margin[1]

$419M
2020 Research and development

$1.66
2020 Adjusted diluted earnings per share[1]

$1.4B
2020 Free cash flow[1,2]

$0.16
2020 Dividends paid per common share

2.8X
2020 Net debt / Adjusted EBITDA[1]

[1] See page 78 for additional information regarding non-GAAP measures.
[2] Includes $272 million in tax payments related to the gain on the sale of Beijer Ref AB shares.

2020 Net Sales Breakdown

- HVAC 53%
- Refrigeration 19%
- Fire & Security 28%

- Americas 55%
- EMEA 30%
- Asia Pacific 15%

- New Equipment 72%
- Service & Aftermarket 28%

~56,000
Employees

160+
Countries

David Gitlin, President & CEO

$2.2B
Adjusted operating profit[1]

$1.66
Adjusted diluted earnings per share[1]

$1.4B
Free cash flow[1,2]

$37.72
CARR stock price as of December 31, 2020

Appreciated 180%+ since the Separation from UTC

[1] See page 78 for additional information regarding non-GAAP measures.
[2] Includes $272 million in tax payments related to the gain on the sale of Beijer Ref AB shares.

Dear Fellow Shareowners,

2020 was a year unlike any other. The COVID-19 pandemic dramatically changed lives and businesses globally, and it will have lasting impacts for generations to come. For Carrier, it was a profoundly transformational year. You can think of two Carriers: the one before 2020 and the one after.

It was the year we became a stand-alone public company. As a 100-year-old startup, we seized the once-in-a-lifetime opportunity to create a fundamentally new Carrier.

Recognizing that culture matters–a lot–we took an intentional and deliberate approach in launching *The Carrier Way*. Our culture, which reinforces our values and pivots our behaviors toward agility, winning, innovation, customers, empowerment, and high-energy and high-performing teams, has been a key driver of our transformation.

In addition to our cultural shift, we continued to add superb talent to the team at all levels, while promoting and developing critical talent from within. Our team stepped up in a profound way, supporting our customers in the face of tremendous challenges. I am extremely proud of our leadership team and our ~56,000 colleagues for their exceptional performance and commitment.

We also launched several new initiatives designed to further our pursuit of a sustainable performance culture. For example, we implemented Carrier Excellence–our new operating system–and Carrier Alliance, which is our new approach to partnering with our supply chain. We also kicked off a structured initiative to simplify the business and reduce G&A and bureaucracy, enabling our teams to focus on customers and growth.

And we implemented Carrier 600, a cost-reduction program with a target to produce $600 million of recurring savings over three years. At the end of 2020, we increased this three-year target to $700 million under the renamed Carrier 700 program.

With a focused team and a new culture, operating system and business model, we solidified our foundation as a new company and pivoted toward our three-pillar strategy to drive growth: strengthen and grow the core, increase product extensions and geographic coverage, and grow services and digital. In 2020, we delivered on all three.

We increased our market share in core areas, including our residential, light commercial and applied HVAC businesses; cargo monitoring; and key parts of our Fire & Security portfolio.

To help drive share gains, we added more than 500 new sales professionals, increased our investments in R&D, introduced 124 new products and initiated a focused digital journey. Our focus on aftermarket and digital has been transformational, with a concerted effort to increase recurring revenues across our portfolio. We introduced BluEdge, an enterprise-wide service and aftermarket offering designed to provide customers with superior service throughout the product lifecycle, with digitally enabled differentiation.

Our growth agenda was also framed by two key societal imperatives that have been—and as the pandemic demonstrates, will continue to be—critically important for years to come. The first is the importance of healthy and safe indoor environments. We spend 90% of our time indoors, and we need confidence in the safety of our indoor environments. Second, COVID-19 shined a light on the importance of having an effective and connected cold chain that supports safe distribution of food, medicine and vaccines. These two imperatives have strengthened Carrier's resolve to be a leading voice, to be a solutions innovator and to affirm our enterprise strategy: **to be the world leader in healthy, safe and sustainable building and cold chain solutions.**

Our differentiated healthy buildings offering has gained traction, and we have a growing pipeline that is supported by a series of new HVAC and Fire & Security product and service introductions. Our OptiClean Dual-Mode Air Scrubber & Negative Air Machine was recognized as one of TIME's 100 Best Inventions of 2020. We also introduced a series of improved clean air solutions, along with products that help with thermal scanning, touchless access and contact tracing.

In terms of providing cold chain solutions, we are collaborating with Amazon Web Services to develop Lynx, Carrier's proprietary cloud-enabled platform with machine learning to better address long-standing cold chain challenges. Lynx will help address the challenges of worldwide hunger, climate change, and safe medicine and vaccine distribution.

Throughout all these dynamics, we never lost sight of the broader social and environmental challenges we face—and our crucial role in meeting those challenges.

Climate change is among the most significant issues facing humanity. Without concerted action, the consequences to our planet and future generations will be irreversible. HVAC contributes an estimated 15% of the world's greenhouse gas emissions. Food waste is also a major contributor: If food waste were a country, it would be the third-largest emitter of greenhouse gases. In fact, more than one-third of all food produced is wasted every year, resulting in an estimated 4.4 gigatons of greenhouse gas emissions.

Our 2030 environmental, social and governance goals recognize that Carrier has a critical role to play. They consist of ambitious, yet achievable, targets that would drive a meaningful impact in mitigating climate change. We are targeting carbon neutrality across our operations by 2030 and are aiming to reduce our customers' carbon footprint by more than 1 gigaton over the same period, which is approximately the annual greenhouse gas emissions of Japan.

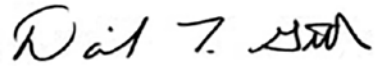
We also leaned into diversity, equity and inclusion in a way that we never have before, with new programs and targets designed to materially enhance the diversity of our organization and ensure a more inclusive environment for all our employees.

Importantly, we never took our eye off the ball in terms of our performance. In 2020, we delivered net sales of $17.5 billion, adjusted operating profit of $2.2 billion and free cash flow of $1.4 billion.[1,2] Strong cash flow performance along with the sale of our minority interest in Beijer Ref AB enabled us to reduce our net debt from $9.9 billion to $7.1 billion and end the year with over $3.1 billion in cash.[1]

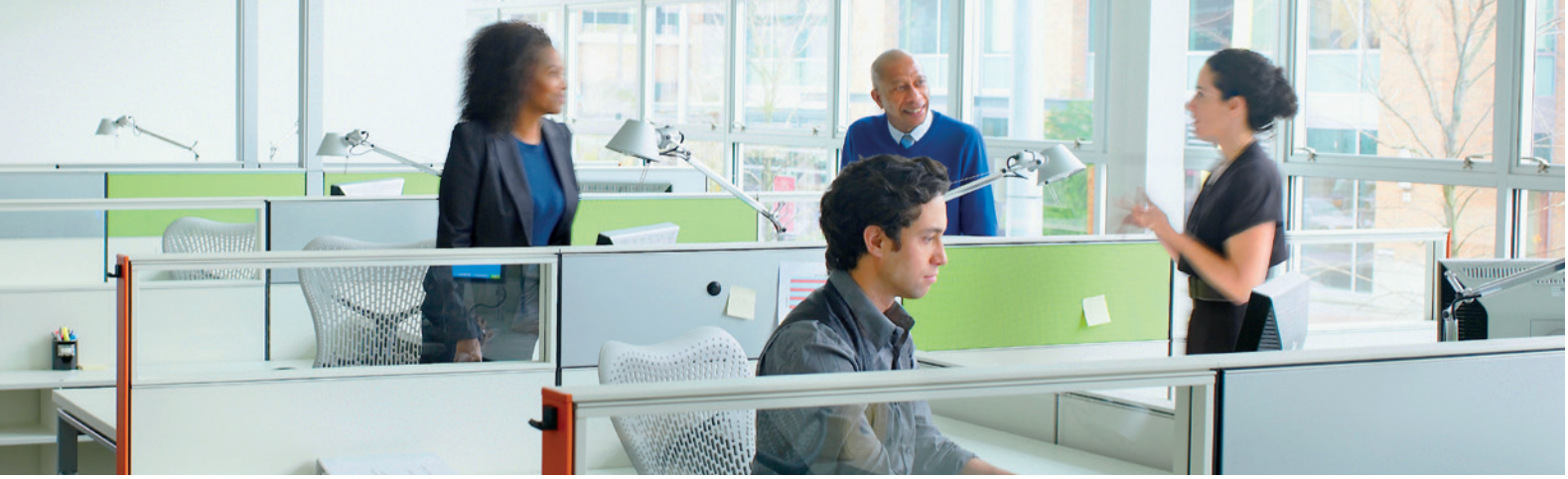
Looking at 2021 and beyond, Carrier is uniquely positioned to tackle key trends that will affect generations to come. We have the team, the culture, the drive, the playbook and the experience to lead the way through critical global challenges by delivering solutions that matter for people and our planet.

We appreciate your confidence in the new Carrier. As proud as I am of what the team delivered in 2020, I am confident that our best days are ahead.

Be well,



David Gitlin
President & CEO, Carrier



We are the world leader in healthy, safe and sustainable building and cold chain solutions.

HEALTHY**BUILDINGS**

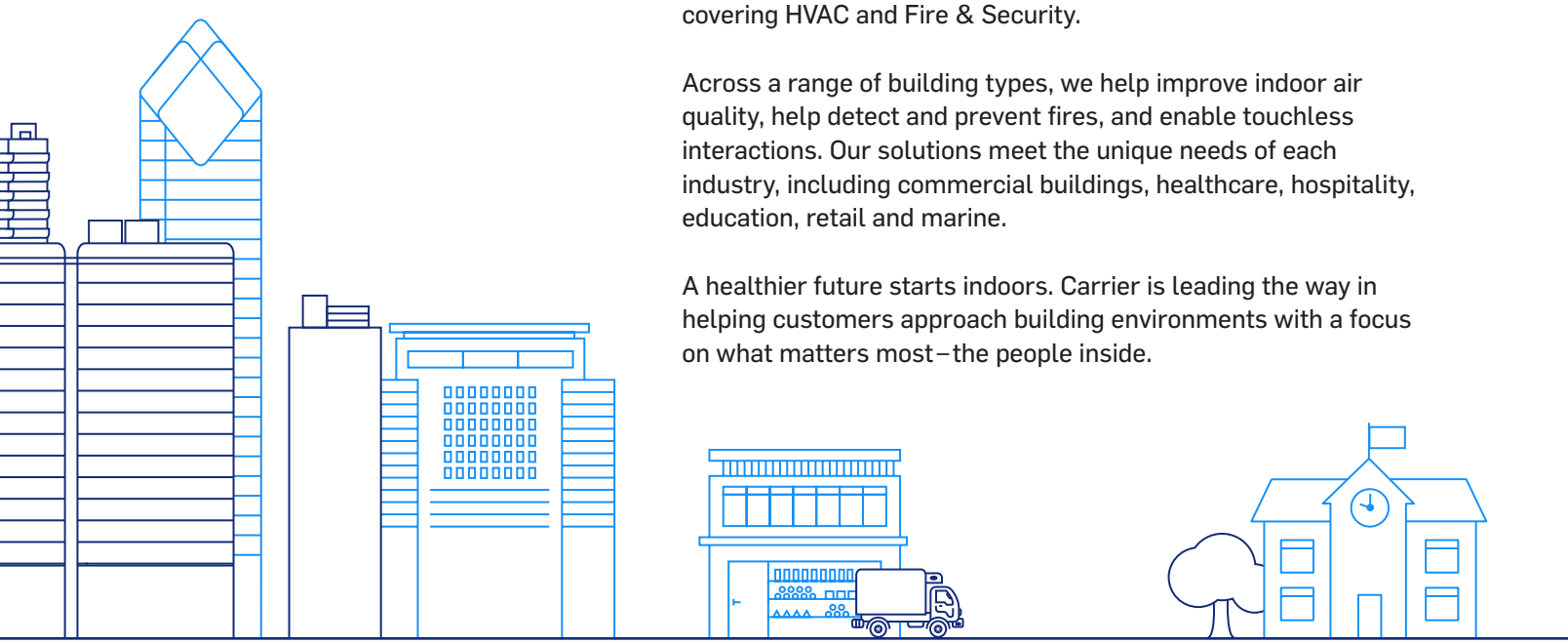
At Carrier, we recognize the potential for indoor environments to help shape a healthier future. Through our Healthy Buildings Program, we help optimize built environments in ways that improve operational efficiency and positively impact occupants–from helping to ensure physical safety and security to improving health, productivity and cognitive performance.

Carrier has long been an industry leader in healthy, safe and sustainable buildings. We were a founding member of both the U.S. Green Building Council and the International WELL Building Institute, and have partnered with leading researchers and organizations to explore the impact of built environments.

Today, we are uniquely positioned to provide healthy building solutions through our expertise, global footprint and rapid innovation capabilities. We employ a lifecycle approach to address nearly all aspects of buildings, with an industry-leading portfolio of advanced equipment, services and automation offerings covering HVAC and Fire & Security.

Across a range of building types, we help improve indoor air quality, help detect and prevent fires, and enable touchless interactions. Our solutions meet the unique needs of each industry, including commercial buildings, healthcare, hospitality, education, retail and marine.

A healthier future starts indoors. Carrier is leading the way in helping customers approach building environments with a focus on what matters most–the people inside.



HEALTHY**HOMES**

As people spend more time at home than ever before, it is important to ensure living and working spaces are healthy because homes impact our health. This includes the air we breathe and the comfort of feeling secure in our spaces. Homes have become the new office, classroom, gym and restaurant, elevating the importance of indoor air quality and home safety.

In 2020, as part of our Healthy Buildings Program, Carrier launched Healthy Homes–a suite of targeted solutions that can help improve the overall health of homes and the people inside.

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

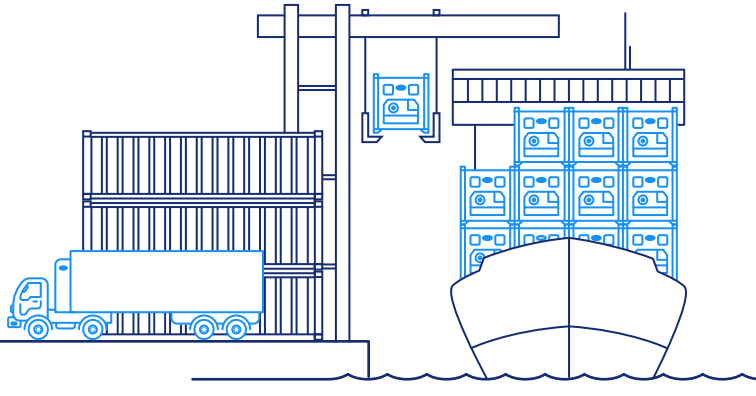
Our Healthy Homes solutions will continue to improve home health now and well into the future.

CONNECTED**COLDCHAIN**

The need has never been greater for safe and sustainable cold chain technologies. Carrier is committed to rapid innovation, partnerships and thought leadership to help preserve, protect and extend the supply of food, medicine and vaccines around the planet.

The cold chain provides safe, efficient, uninterrupted transport and storage of perishable goods from producers to consumers around the world. More than one-third of all food produced is wasted every year, resulting in an estimated 4.4 gigatons of greenhouse gas emissions. In addition, vaccines require precise conditions for safe transport.

To meet these challenges, the world needs a more connected cold chain for greater visibility and control–and Carrier is helping to make it possible. In 2020, we launched the Healthy, Safe, Sustainable Cold Chain Program to help customers meet rapidly evolving supply chain demands and make their cold chain activities more effective.



HVAC

$9.5B
Net sales

$1.4B
Adjusted operating profit[1]

15.1%
Adjusted operating margin[1]

[1] See page 78 for additional information regarding non-GAAP measures.

Carrier's HVAC segment provides solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Through an industry-leading family of brands, we offer an innovative and complete portfolio of products, including building automation and services that help optimize indoor environments to enhance human health, safety and productivity.

Our HVAC businesses continue to innovate.

Carrier Residential HVAC launched two new flagship products in 2020 – the Carrier Infinity 26 air conditioner and the Carrier Infinity 24 heat pump, which offers both heating and cooling capabilities. They feature Greenspeed Intelligence to help maintain consistent temperature and humidity. For many applications, the products achieve the highest energy efficiency ratings among all ducted systems and offer ultra-quiet operation.

Carrier AquaSnap scroll chillers and heat pumps are now available in Europe using R-32, a refrigerant with a low global warming potential that improves performance and reduces direct greenhouse gas emissions by up to 77%, compared with the previous range. This innovative air-cooled chiller meets the European regulatory requirements for both the phase-down of fluorinated hydrofluorocarbon refrigerants and Ecodesign for 2021. The chiller also uses an advanced control platform, which allows for remote connectivity and diagnostics.

The HVAC segment secured many key wins throughout the year.

Cushman & Wakefield, a leading global real estate services firm, selected Carrier for a major HVAC modernization project to deliver better reliability, comfort and improved indoor air quality to an office campus in the greater

Testing by the University of Colorado Boulder Department of Civil, Environmental and Architectural Engineering found that the Carrier Infinity whole home air purifier with Captures & Kills technology inactivates 99% of coronavirus trapped on the filter. Other third-party testing concluded that this technology also inactivates 99% of select viruses and bacteria trapped on the filter, such as a common cold virus surrogate, Streptococcus pyogenes and human influenza. The product is part of the Healthy Homes suite of indoor air quality solutions.

The Infinity air purifier has demonstrated effectiveness against the murine coronavirus, based on third-party testing (2020) showing a >99% inactivation, which is a virus similar to the human novel coronavirus (SARS-CoV-2) that causes COVID-19. Therefore, the Infinity air purifier can be expected to be effective against SARS-CoV-2 when used in accordance with its directions for use. Third-party testing (2012, 2007) also shows ≥99% inactivation for the type of virus that causes common colds, Streptococcus pyogenes and human influenza. Airborne particles must flow through your HVAC system and be trapped by the Infinity filter to be inactivated at 99%. Learn how it works at carrier.com/purifier.

The OptiClean Dual-Mode Air Scrubber & Negative Air Machine was named as one of TIME's 100 Best Inventions of 2020. It was developed through rapid innovation to help support infectious isolation rooms in hospitals. OptiClean was invented as a negative air machine to help prevent potentially contaminated air from spreading into surrounding areas of hospitals. It can plug into standard wall outlets and has a footprint of less than three square feet. As a portable air scrubber it can improve the indoor air quality of classrooms, restaurants, dental offices, commercial buildings and more. The machine pulls in air, scrubbing it using a HEPA filter, and then exhausts cleaner air back into the room, reducing contaminants in the air and offering healthier indoor air as part of an overall mitigation strategy.

Carrier worked with a distributor in two California school districts to install OptiClean units to help improve indoor air quality. In the Alvord Unified School District, 1,500 OptiClean units were installed in classrooms, helping to purify air for nearly 20,000 students, teachers and staff. In the San Bernardino City Unified School District, 3,700 units were installed to help purify air for more than 60,000 students, teachers and staff.

Denver area. The project involves innovative solutions that enhance overall indoor air quality throughout the campus and long-term support through Carrier's BluEdge service platform. Additionally, Cushman & Wakefield and Carrier agreed to collaborate to introduce healthy building solutions to the firm's clients through Carrier's Healthy Buildings Program.

Bryant announced a multiyear agreement with Fischer Homes to feature its heating and cooling equipment in more than 2,000 new homes that the Kentucky-based company is expected to build annually.

Carrier was selected by the Sanya International Sports Industrial Park in China to provide variable refrigerant flow systems and ongoing service for the athlete apartments in the park. The agreement showcases our commitment to promote sustainable development in China by focusing on energy conservation, greenhouse gas emission reductions and environmental comfort.

In Shanghai, Carrier unveiled a water-cooled chiller performance testing lab in 2020 at its new manufacturing location in Baoshan Industrial Park. The testing lab is one of the largest of its kind in China and tests water-cooled chillers up to 6,000 refrigeration ton capacity to support a wide range of commercial and industrial HVAC solutions and applications.

Carrier was awarded a four-year chiller service agreement covering all 52 chillers in the Hong Kong International Airport. Carrier is responsible for all maintenance, staffing, repairs, improvements and refurbishment required to keep chillers in the facility operational and offers a connected service model that includes remote monitoring and predictive diagnostics.

EcoEnergy Insights, part of the Carrier portfolio and a leading provider of Internet of Things (IoT) and analytics-driven energy management and business outcome services, was awarded a Customer Value Leadership Award by Frost & Sullivan. The award is for excellence in delivering value to customers in the artificial intelligence (AI)-driven building technologies industry. EcoEnergy Insights was recognized for its innovative solutions and customer-centric service offerings, such as CORTIX and BluEdge Command Centers, which use data insights to help drive optimal equipment performance. EcoEnergy Insights was also awarded a Top Project of the Year award in the 2020 Environment + Energy Leader Awards program for using AI and IoT-enabled solutions to help a large manufacturing plant in the United States achieve its sustainability and environmental goals.

REFRIGERATION

$3.3B
Net sales

$0.4B
Adjusted operating profit[1]

11.3%
Adjusted operating margin[1]

[1] See page 78 for additional information regarding non-GAAP measures.

Carrier's Refrigeration segment provides a healthier, safer and more sustainable cold chain through the reliable transport and preservation of food, medicine and other perishable cargo. Our refrigeration and monitoring products, services and digital solutions strengthen the connected cold chain and are designed for trucks, trailers, shipping containers, intermodal applications, food retail and warehouse cooling.

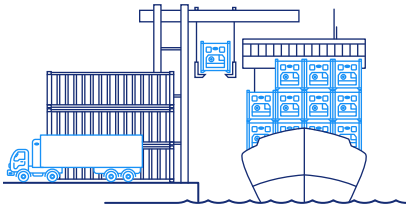
Our Refrigeration businesses continue to innovate to help solve for the planet's critical challenges.

In the transport refrigeration business, Carrier Transicold launched its innovative Vector 8611MT multi-temperature trailer refrigeration unit in North America in 2020. Designed for trailers split lengthwise with a center dividing wall, the unit creates two refrigerated compartments without requiring a remote evaporator, more efficiently cooling different types of cargo within a single trailer. It is ideal for grocery distribution and food service operations, which deliver mixed loads of frozen and refrigerated goods.

To reduce emissions, improve sustainability and increase efficiency, Carrier Transicold launched the first fully autonomous, all-electric engineless refrigerated trailer system, the Vector eCool, in Europe.

To address the unique challenges of vaccine distribution globally, the business launched new Carrier Pods

~$9B
GOODS COOLED
by Carrier on ocean daily



One of North America's leading refrigerated trucking companies, KLLM Transport Services, added 1,400 new trailers refrigerated by Carrier Transicold units equipped with solar charging systems and the eSolutions telematics platform. The platform helps refrigerated transporters operate more efficiently by improving the visibility of their cold chain assets and providing information about their performance.

End-to-end digital connected platform for the cold chain
Carrier and Amazon Web Services Inc. (AWS) began a multiyear transformative alliance to develop Carrier's new Lynx digital platform to help customers reduce food and medicine loss, optimize supply chain logistics and enhance environmental sustainability.

The Lynx digital platform will use AWS's Internet of Things, analytics and machine learning services to provide faster, smarter, actionable intelligence to better manage the cold chain.

monitored by Sensitech, which combine leading refrigeration technology and cargo monitoring capabilities. Carrier Pods provide pharmaceutical companies, distribution centers, retailers and vaccine administrators with increased cold storage capacity, the flexibility to move vaccine storage to other locations and added cargo visibility to help ensure the shelf life and efficacy of vaccines requiring precise refrigerated conditions.

Gulick Trucking Inc. expanded its use of Carrier Transicold equipment by more than 25% with the addition of new X4 and ComfortPro diesel auxiliary power units, all with coverage through Carrier's BluEdge service platform. Extended major component coverage ensures that Carrier-trained technicians will handle repairs for any of Gulick Trucking's covered equipment anywhere in the United States, saving time and potentially saving an expensive load of refrigerated cargo.

Carrier Transicold is continuing its more than 20-year history of providing cooling systems for trucks and trailers to transport musical instruments for the London-based Philharmonia Orchestra. In early 2020, Pulleyn Transport selected a Carrier Transicold Supra undermount unit for a new truck to maintain a consistent, dry environment as the instruments travel up to 70,000 miles per year.

Carrier Transicold, with Chiquita, successfully completed cargo shipments for the new EverFRESH active-controlled atmosphere system, transporting fully loaded containers of bananas from Panama to the Netherlands. The new EverFRESH system delivered on its promise to create a controlled and sustainable atmosphere balance throughout the trials – demonstrating the system's ability to protect and preserve cargo.

In Beijing, Qingdao Haier Carrier Refrigeration Equipment Co. Ltd. won the bid for the transcritical carbon dioxide (CO_2) ice-making system for the National Speed Skating Oval, the "Ice Ribbon." Haier Carrier is a joint venture of Haier Group and Carrier. The system uses Carrier's state-of-the-art, multi-climate transcritical CO_2 technology to achieve the best energy efficiency possible in this product line today.

Carrier Commercial Refrigeration was chosen to provide natural refrigerant CO_2 systems to METRO AG – an international wholesale company – for most of its European Cash & Carry stores to help reduce its carbon footprint. Carrier is installing high-efficiency remote cabinets and cold-room equipment using the CO_2OLtec Evo system with patented technology that helps reduce energy use. In addition, METRO will connect to a Carrier remote monitoring center in Prague.

FIRE & SECURITY

$5.0B
Net sales

$0.6B
Adjusted operating profit[1]

12.6%
Adjusted operating margin[1]

[1] See page 78 for additional information regarding non-GAAP measures.

Carrier's Fire & Security segment provides a wide range of residential, commercial and industrial technologies designed to help save lives and protect property. Our globally recognized brands provide product and technology innovations that are supported by installation, maintenance and monitoring through a network of channel partners and our own field service business, along with web-based and mobile applications, and cloud-based services.

Our Fire & Security businesses are constantly innovating.

Onity's DirectKey mobile access solution has helped more than 6,000 hotels ensure their guests are granted quick and easy access to guest rooms and other access-controlled areas. Guests can securely download their assigned key to their smartphone through the hotel's loyalty app, allowing contactless check-in and property access. Launched in 2015, DirectKey is used in 900,000 locks worldwide, and guests have used Onity's mobile key credentialing technology to open these locks more than 100 million times.

In 2020, Kidde Fire Systems launched the IntelliSite Remote Monitoring System, an innovative technology that monitors fire suppression systems in real time, across multiple locations. With 24/7 information access from a computer, tablet or smartphone, the system enhances service levels for system end users and can help reduce service calls, maintenance and administrative costs for distributors.

Autronica launched the AutroGuard multicriteria protector, a multipurpose commercial detector featuring a new optical chamber that detects smoke quicker than before and cover

~90M
HOMES PROTECTED
by Kidde with

~400M
ALARMS INSTALLED

Reacting to a consumer shift toward increased online shopping in 2020, Kidde continued to align its residential go-to-market strategy to reach more consumers through digital channels. Kidde made investments in its e-commerce channels, leading to a 23% increase in online sales compared with the prior year.

To increase customer loyalty, while supporting the shift to online shopping, our GST business improved its e-commerce platform, resulting in online sales that nearly doubled.

The commercial business expanded its offerings to support Carrier's Healthy Buildings Program and assist with the reopening of buildings.

LenelS2's industry-leading BlueDiamond mobile credentialing technology eliminates several traditional access touch points for building occupants to provide enhanced security and convenience, and to help create healthier, safer workspaces for employees. The 2020 release of LenelS2 NetBox Version 5.3 access control software has brought complete BlueDiamond platform support to NetBox system users, enabling security and facility management staff to easily provision and manage mobile and physical BlueDiamond credentials for employees from a browser-based interface.

LenelS2 also announced a global distribution agreement to resell Invixium's contactless biometric solution to support healthy buildings. The intelligent dual-camera biometric solution performs contactless facial recognition authentication without requiring mask removal. The interface integrates with LenelS2's NetBox and OnGuard security management systems, and enables multiple access control and proactive screening configurations to help protect people and help optimize building health and efficiency.

detection technology that alerts when smoke is prevented from entering the chamber. AutroGuard also helps reduce nuisance alarms.

As part of Carrier's Healthy Homes Program, Supra announced a suite of services designed to minimize in-person and device contact and increase efficiency for hundreds of real estate organizations and their members. The business expanded an agreement with Yes-Multiple Listing Service to provide iBox BT LE (Low-Energy Bluetooth) keyboxes and long-term technical support.

Using these keyboxes and the Supra eKEY mobile app, real estate professionals can seamlessly access and help secure properties.

The Fire & Security segment achieved several key wins throughout the year.

Marioff Russia secured a contract to supply a HI-FOG water mist fire suppression system complete with high-pressure hose reels for the Polytechnic Museum in Moscow. The system fights fires as effectively as traditional sprinkler systems, but with less water. The project is part of a large-scale renovation program that includes the installation of over 2,000 nozzles and more than 200 hose reels to provide fire protection to this 48,000-square-meter 19th century building.

Chubb India was awarded an order by Kalyani Techpark Private Limited, a premium builder in India. The project is for the supply, installation, testing and commissioning of Edwards fire alarm and public address systems for two new blocks at Kalyani Techpark's Bangalore campus, an area of about 1.2 million square feet.

In the commercial business, Edwards installed EST4, an advanced networked fire alarm and emergency communications platform, in a 15-story, multi-tenant commercial building in the Madison Square North district of Manhattan. This system replaced an Edwards control system that was installed in the 1990s. Madison Service Corp., a channel partner, was involved with the design from the early stages, working with local design engineers to develop a phased approach to coincide with extensive building improvements.

SERVICES

Services are a major priority for Carrier. We are committed to bringing differentiated parts and service solutions to our customers across the entire product lifecycle. The introduction of our BluEdge global service platform takes that commitment to the next level.

Our new BluEdge platform leverages our history of innovation and our deep expertise as an original equipment manufacturer. The platform offers a tiered suite of services across our HVAC, Refrigeration and Fire & Security segments.

Through a deep understanding of customer needs and investments in connected equipment and digital service solutions, BluEdge will help achieve enhanced equipment efficiency and performance–key components of our healthy, safe and sustainable building and cold chain programs.

The BluEdge service platform uses analytics to decipher data, extract insights and implement solutions before issues arise. The platform complements our existing network of service providers. Highly trained Carrier technicians and support teams are located across the globe, and our customers can count on our 22 aftermarket fulfillment centers for their parts and service needs.

The BluEdge service platform continues to expand its reach and offerings with

1,000 signed service agreements in just six months.

DIGITAL

Digital is central to Carrier's growth strategy. Digital solutions are empowering our employees, enhancing our experiences and enabling top-line growth opportunities.

Carrier is implementing innovative digital capabilities across our business segments to help differentiate our products and services.

Technology is driving internal productivity and supporting operating efficiency. In 2020, we implemented an integrated digital operating model to simplify operations, enable agility, increase speed to market and improve quality through new capabilities and tools.

Amazon Web Services Inc. (AWS) is our new preferred cloud provider. Product teams are deriving insights from data and unlocking customer value by leveraging AWS services for connectivity, artificial intelligence and machine learning. AWS also has become a collaborator for digital innovation. Carrier and AWS are developing new market offerings like Lynx, Carrier's proprietary intelligent ecosystem that will help optimize the safe and sustainable transport of perishable goods and medicine across the cold chain.

At Carrier, we are developing connected devices that improve user experiences and smooth service delivery. Our new proprietary platform Carrier IO will enable connectivity throughout the enterprise. Carrier IO will provide turnkey services to connect equipment and accelerate product development across our portfolio.

And digital is unlocking financial growth opportunities, too. In 2020, we implemented new and enhanced e-commerce capabilities and online shop-and-buy offerings to help drive online sales and create an easier, more convenient and engaging customer experience.

Carrier is committed to leveraging digital innovation for the benefit of our customers, our channels and our colleagues.

INNOVATION

Carrier has a strong history of innovation across our HVAC, Refrigeration and Fire & Security segments. We are committed to accelerating the development of smart, sustainable and efficient solutions that address our planet's most complex challenges.

Our engineering team is focused on key strategic themes aligned with Carrier's growth strategy: sustainability, service and digital solutions – all in support of addressing global megatrends, expanding our current markets and growing in adjacent ones.

In 2020, for the sixth year in a row, we released more than 100 new products. We have approximately 8,000 active patents and pending patent applications worldwide combined, and in the last two years have invested over $800 million in research and development.

We have an unwavering commitment to innovation to meet the growing demand for intelligent, integrated and efficient solutions that reduce energy consumption and their impact on the environment. As we improve our products to anticipate environmental-related regulatory changes, we maintain our focus on developing frontier technologies that can transform healthy, safe and sustainable buildings and the cold chain.

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 make continuous improvements to our tools and develop advanced methods to improve quality and reduce time to market. We are investing in new capabilities in systems engineering, sensing and power electronics management as we innovate electric solutions to reduce our carbon footprint.

We also collaborate with local, regional and global innovation ecosystems, and participate in early-stage innovation with startups, universities, innovation hubs and thought leaders.

OPERATIONS

Carrier Excellence is our continuous improvement framework that drives operational excellence across our company, enhances the customer experience to enable growth, engages employees to continuously improve processes and cultivates a proactive, positive culture.

We earn our customers' trust by designing, sourcing, producing and delivering high-quality products and services in an efficient and sustainable manner.

Our product quality policies and programs set our standards, and our factories go through an in-depth quality assessment. We use a robust, data-driven, problem resolution system that enables us to offer products that exceed customer expectations. After our products are delivered, we regularly monitor and act upon customer feedback.

Relationships with high-quality, diverse suppliers help us drive innovation throughout the value chain. We require our suppliers to meet the ethical and business conduct expectations as set forth in our Supplier Code of Conduct.

We continuously invest in automation and digital tools to transform our supply chain ecosystem from our suppliers to our manufacturing and distribution operations, keeping the customer in mind.

More than **95%** of our global manufacturing sites are ISO 9001:2015 certified.

Our employee health and safety management system and ongoing employee health and safety initiatives help protect our employees, and help ensure our compliance with applicable laws and regulations. It also provides a framework for continuous improvement through integrated planning, performance and measurement.

OUR PEOPLE & CULTURE

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

Through our programs like ELEVATE: Women in Leadership (pictured above) and the launch of ELEVATE: Blacks in Leadership, we offer customized, immersive development and learning opportunities to prepare employees to thrive and succeed.

As an employer of choice, we strive to provide a great place to work that attracts, develops and retains the best talent, promotes employee engagement and inclusion, and fosters teamwork, which ultimately drives innovation for the benefit of our customers.

What we do is critical and how we act matters. That is why our Code of Ethics focuses on the core values that serve as the foundation of our culture: respect, integrity, inclusion, innovation and excellence.

In 2020, we launched *The Carrier Way*, which outlines our vision, reaffirms our values, defines the behaviors that create a winning culture, and establishes how we work and win together, while never compromising our values. *The Carrier Way* is at the center of everything we do, and how we engage and focus our employees, globally, toward one purpose.

We continue to build a diverse team of talented and high-performing employees at all levels of the company. We launched a more focused diversity and inclusion strategy to drive meaningful change that consists of four tenets, with associated actions and initiatives: Reduce the Gap, Develop & Sponsor, Drive Inclusion and Lean Forward.

In our effort to lean forward this year, we felt it was important to clarify our underlying diversity and inclusion philosophy and higher purpose, what we stand for, and how we want our employees to feel when they come to work every day. For us, that is clear. We aspire to create 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.

_belong™

Our goal is simple—we want each and every Carrier employee to feel like they *_belong*, and hence the name of our diversity and inclusion brand.

Our company continues to invest in long-term, strategic collaborations with organizations like the National Society of Black Engineers, where we are a member of the board of corporate affiliates. In 2020 we established multiyear partnerships with two historically Black colleges

Reducing the Gap

Women executives	U.S. people of color executives	U.S. people of color professionals
20% in 2015	13% in 2015	18% in 2015
31% in 2020	25% in 2020	23% in 2020

and universities, Spelman College and North Carolina Agricultural and Technical State University, to continue to strengthen our diverse talent pipeline. Carrier also actively participates in annual recruiting and collaboration efforts with the Society of Women Engineers and the Society of Hispanic Professional Engineers.

Carrier has pledged to achieve gender parity in senior leadership roles by 2030, and we are establishing programs and supporting partnerships to help achieve this goal. We are a proud member of Paradigm for Parity, a coalition of business leaders dedicated to addressing the corporate leadership gender gap.

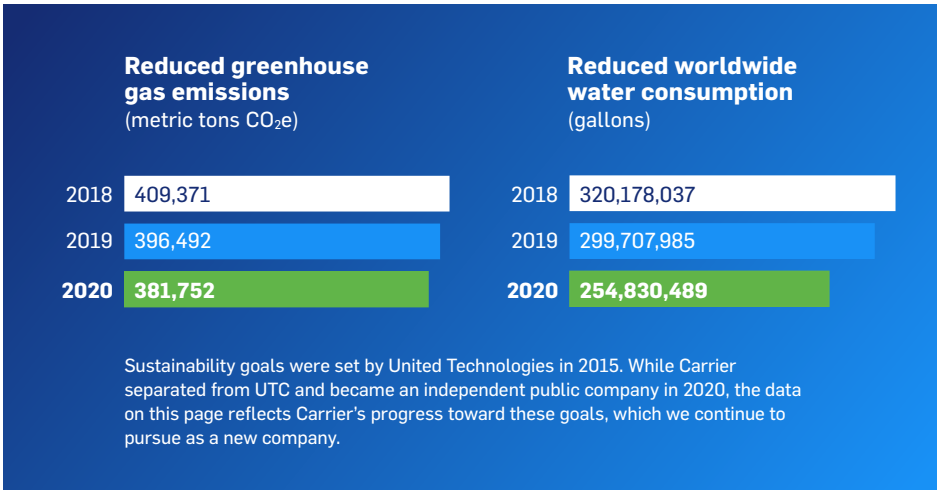
We are focused on driving a culture of inclusion and developing all our affinity groups. We sponsor many Employee Resource Groups (ERGs), such as Pride, Carrier Black Alliance, Women Empowerment at Carrier (WE@Carrier), Carrier Hispanics & Latinos Employee Engagement Resource group (CHEER), and Veterans & Military. These ERGs operate with a formal leadership structure, senior leadership sponsorship and a defined mission statement that is aligned with supporting Carrier's business strategy.

We understand the importance of ensuring that employees feel valued and engaged, and we are committed to hearing their voices. In order to measure progress against this goal, we conduct a global engagement survey called *Pulse*, and we do that multiple times a year. The results are reviewed by senior leadership and shared with our managers and other employees – all of whom collaborate to identify areas for improvement.

We promote continuous learning through our Employee Scholar Program, and we develop and advance the careers of our future leaders through development programs, such as our early career programs, leadership development rotational programs and Talent Possible development programs. Through our Performance Management practice, we ensure that our employees perform at their best. At the beginning of each year, we set clear goals for employees that are aligned with our strategy, and throughout the year promote ongoing communication between managers and employees. At the end of the year, managers and employees meet to discuss how things went and share constructive feedback to help drive results and foster the changes needed to embody *The Carrier Way* values and behaviors. This sets the stage for our employees to perform at their best, while developing their careers at Carrier.

CORPORATE RESPONSIBILITY

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



Sustainability goals were set by United Technologies in 2015. While Carrier separated from UTC and became an independent public company in 2020, the data on this page reflects Carrier's progress toward these goals, which we continue to pursue as a new company.

Building on our vision to create solutions that matter for people and our planet, Carrier announced our 2030 environmental, social and governance (ESG) goals. We are targeting carbon neutrality across our operations by 2030 and aiming to reduce our customers' carbon footprint by more than 1 gigaton over the same period. This will be supported by planned investments of more than $2 billion over the next 10 years toward the development of healthier, safer and more sustainable solutions.

We released our first Environmental, Social & Governance Report as a stand-alone company.
corporate.carrier.com/esg-report

We understand that success is a result of building the best teams – and that takes action, such as investing in science, technology, engineering and math (STEM) education programs that promote diversity and inclusion, and promoting sustainability through community partnerships and climate resiliency programs.

In 2020, Carrier supported more than 185 civic, cultural, economic and social welfare organizations around the world. We invested over $7 million in our communities through cash and in-kind donations, including nearly $800,000 through the Carrier Employee Matching Gifts Program, a dollar-for-dollar charitable donation matching program.

Across the United States, India, Europe and China, we donated personal protective equipment for healthcare workers, hospitals and service technicians. In China, our GST business donated fire detection and alarm products to support the construction of a coronavirus hospital in Wuhan. In Europe, our Fire & Security business made donations to support the purchase of ventilators and masks for two hospitals in Madrid and Milan battling the coronavirus.

In our communities, we are working closely with our nonprofit partners to understand their immediate needs and how we can help. As millions of people struggle with food insecurity, we have supported organizations like Feeding America through a grant program to help address the increased need for refrigerated transport and storage units for its network of food banks. Our donations to Feeding America benefited eight food banks across three states to help distribute over 20 million pounds of food to those in need in

2020. Our U.S. employees also hosted local food drives that helped provide over 375,000 meals across seven food banks.

During the year, we announced a $3 million, three-year donation to The Nature Conservancy, a global organization working to create a world where people and nature can thrive together. Our investment supports The Nature Conservancy's Build Healthy Cities initiative, which promotes smart planning and science-based solutions to help make the cities of tomorrow more resilient, healthy and equitable. We are funding coastal habitat restoration in Florida; reforestation, conservation and restoration of natural areas in Monterrey, Mexico; and habitat enhancements and nature education in Shanghai. Our multiyear commitment engages employees in hands-on projects, driving climate resiliency in the communities where they live and work. As homes became classrooms, we collaborated with The Nature Conservancy to help students discover the natural world using virtual field trips through Nature Lab, an online curriculum program for teachers and families.

Carrier employee volunteers have helped build 140 Habitat for Humanity homes around the world. In 2020, we helped with our first Healthy Home featuring products from our suite of indoor air quality solutions, including a Carrier Infinity air purifier, evaporator coil ultraviolet lights, a bypass humidifier, and Kidde smoke and carbon monoxide combination alarms.

Through Carrier's Green Shoots program, which promotes youth development through social inclusion and STEM education awareness, Chubb Hong Kong hosted a "Super Junior Engineer" event focused on how technologies make the world a better and safer place to live. As part of this event, our employees explained the design principles and operations of fire safety, security and HVAC systems through virtual classes to a group of students and discussed exciting career opportunities in STEM.

Through its Operation Save a Life program, Kidde donated nearly 45,000 alarms throughout 16 cities across the United States in 2020. Since 2002, Kidde has donated more than 1.6 million smoke and carbon monoxide alarms to fire departments to help make underserved communities safer.

FINANCIALS

19 Five-Year Summary
20 Management's Discussion and Analysis
36 Cautionary Note Concerning Factors That May Affect Future Results
38 Report of Independent Registered Public Accounting Firm
40 Consolidated Statement of Operations
41 Consolidated Statement of Comprehensive Income
42 Consolidated Balance Sheet
43 Consolidated Statement of Changes in Equity
44 Consolidated Statement of Cash Flows
45 Notes to the Consolidated Financial Statements
77 Comparison of Cumulative Total Return

The financial information included herein should be read in conjunction with the financial statements and notes in our Annual Report on Form 10-K for calendar year 2020.

Five-Year Summary

(IN MILLIONS, EXCEPT PER SHARE DATA)	2020[1]	2019[1]	2018[1]	2017[1]	2016 (Unaudited)[1]
For the Year Ended December 31,					
Net sales	**$ 17,456**	$ 18,608	$ 18,914	$ 17,814	$ 16,853
Research and development	**$ 419**	$ 401	$ 400	$ 364	$ 351
Restructuring costs	**$ 49**	$ 126	$ 80	$ 111	$ 65
Operating profit [2]	**$ 3,083**	$ 2,491	$ 3,637	$ 3,030	$ 2,760
Net income from operations [3]	**$ 2,006**	$ 2,155	$ 2,769	$ 1,267	$ 1,900
Net income attributable to common shareowners	**$ 1,982**	$ 2,116	$ 2,734	$ 1,227	$ 1,854
Capital expenditures	**$ 312**	$ 243	$ 263	$ 326	$ 340
Earnings per Share - Basic [4]	**$ 2.29**	$ 2.44	$ 3.16	$ 1.42	$ 2.14
Earnings per Share - Diluted [4]	**$ 2.25**	$ 2.44	$ 3.16	$ 1.42	$ 2.14
Cash dividends declared per common share	**$ 0.28**	$ —	$ —	$ —	$ —
As of December 31,					
Working capital [5]	**$ 3,414**	$ 1,490	$ 1,643	$ 1,750	$ 1,693
Total assets [6]	**$ 25,093**	$ 22,406	$ 21,737	$ 21,985	$ 20,981
Long-term debt [7]	**$ 10,227**	$ 319	$ 293	$ 165	$ 162
Total liabilities [6] [7]	**$ 18,515**	$ 7,971	$ 7,468	$ 7,201	$ 5,844
Total equity	**$ 6,578**	$ 14,435	$ 14,269	$ 14,784	$ 14,960

(1) The Company's financial statements for periods prior to the Separation and the Distribution on April 3, 2020 are prepared on a "carve-out" basis. See Note 2 - *Basis of Presentation* in the accompanying Notes to the Consolidated Financial Statements.

(2) 2020 Operating profit includes a $1.1 billion gain on the sale of our equity ownership in Beijer Ref AB ("Beijer"), (see Note 6 - *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements), and a $71 million impairment charge on a minority-owned joint venture investment. 2019 Operating profit includes a $108 million impairment charge related to a minority-owned joint venture investment. 2018 Operating profit includes a $799 million gain on the sale of Taylor Company ("Taylor"). 2017 operating profit includes a $379 million gain on the sale of our investment in Watsco, Inc.

(3) 2020 Net income includes a $51 million charge related to a valuation allowance recorded against a United Kingdom tax loss and credit carryforward as a result of the Separation and a $46 million charge resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings. 2019 Net income includes a net tax benefit of $149 million as a result of the filing by a Carrier subsidiary to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of an audit by the IRS for UTC's 2014, 2015 and 2016 tax years. 2018 Net income includes a net tax charge of $102 million as a result of UTC ceasing to assert that it intended to reinvest certain undistributed earnings of its international subsidiaries. 2017 Net income includes net tax charges of approximately $799 million related to U.S. tax reform legislation enacted in December 2017.

(4) Earnings per share for periods presented prior to the Separation and the Distribution were calculated using the number of shares that were distributed to UTC shareowners as a result of the Distribution. For periods prior to the Separation and the Distribution it is assumed that there are no dilutive equity instruments as there were no Carrier stock-based awards outstanding prior to the Separation and the Distribution.

(5) Working capital is defined as current assets less current liabilities.

(6) The increase in total assets and total liabilities in 2019 primarily relates to the adoption of Accounting Standards Update ("ASU") 2016-02, *Leases*, which Carrier adopted effective January 1, 2019.

(7) The increase in long-term debt and total liabilities during 2020 reflects the issuance of long-term debt of $11.0 billion associated with the Separation, and the issuance of $750 million 2.700% Notes due 2031, less a $1.75 billion debt prepayment made in the three months ended December 31, 2020. See Note 12 - *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements.

BUSINESS OVERVIEW

Separation from United Technologies Corporation

On April 3, 2020, UTC completed the Separation through the Distribution of all of the outstanding common stock of the Company to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the Distribution. UTC distributed 866,158,910 shares of Carrier common stock in the Distribution at the Effective Time. As a result of the Distribution, UTC shareowners of record received one share of the Company's common stock for every one share of UTC common stock and Carrier became an independent public company. Our common stock is listed under the symbol "CARR" on the NYSE. In connection with the Separation, Carrier issued an aggregate principal balance of $11.0 billion of debt and transferred approximately $10.9 billion of cash to UTC on February 27, 2020 and March 27, 2020. On April 1, 2020 and April 2, 2020, Carrier received cash contributions totaling $590 million from UTC related to the Separation. See Note 12 – *Borrowings and Lines of Credit* and Note 4 – *Earnings Per Share* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Prior to the Separation and the Distribution, the Consolidated Financial Statements reflect the financial position, results of operations and cash flows of the Company for the periods presented as historically managed within UTC. For the periods prior to the Separation and the Distribution, the Consolidated Financial Statements were derived from the consolidated financial statements and accounting records of UTC and thus were prepared on a "carve-out" basis, as described subsequently. The Company's financial statements for the period from April 3, 2020 through December 31, 2020 are consolidated financial statements based on the reported results of Carrier as a stand-alone company.

The Consolidated Financial Statements include all revenues and costs directly attributable to Carrier, including costs for facilities, functions and services used by Carrier. Prior to the Separation and the Distribution, costs for certain functions and services performed by UTC were directly charged to Carrier based on specific identification when possible or based on a reasonable allocation driver such as net sales, headcount, proportionate usage or other allocation methods. The results of operations include allocations of costs for administrative functions and services performed on behalf of Carrier by centralized groups within UTC.

We entered into the TSA with UTC and Otis in connection with the Separation pursuant to which UTC provides us with certain services and we provide certain services to UTC for a limited time to help ensure an orderly transition following the Separation and the Distribution. The services we receive include, but are not limited to, information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services. The costs for these services historically were included in our operating results based on allocations from UTC and have not been materially different under the TSA, nor do we expect such costs to be materially different when these services are transitioned from UTC to Carrier.

Subsequent to the Separation and the Distribution, we have incurred and will continue to incur expenditures consisting primarily of employee-related costs, costs to establish certain stand-alone functions and information technology systems and other transaction-related costs. Additionally, we will have incurred and will continue to incur increased costs as a result of becoming an independent, publicly traded company, primarily from establishing or expanding corporate support for our businesses, including information technology, human resources, treasury, tax, internal audit, risk management, accounting and financial reporting, investor relations, governance, legal, procurement and other services. Our estimates of these additional recurring costs expected to be incurred annually are approximately $75 million in the aggregate greater than the expenses historically allocated to us from UTC, and primarily relate to Selling, general and administrative expenses. We believe our cash flows from operations will be sufficient to fund these additional corporate expenses.

In connection with the Separation, we entered into the TMA with UTC and Otis that governs the parties' respective rights, responsibilities and obligations with respect to tax matters (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters). Subject to certain exceptions set forth in the TMA, Carrier generally is responsible for federal, state and foreign taxes imposed on a separate return basis upon Carrier (or any of our subsidiaries) with respect to taxable periods (or portions thereof) that ended on or prior to the date of the Distribution. The TMA provides special rules that allocate responsibility for tax liabilities arising from a failure of the Separation transactions to qualify for tax-free treatment based on the reasons for such failure. The TMA also imposes restrictions on each of Carrier and Otis during the two-year period following the Distribution that are intended to prevent certain transactions from failing to qualify as transactions that are generally tax-free. See Note 1 – *Description of the Business* in the accompanying Notes to the Consolidated Financial Statements for additional information.

In connection with the Separation, we also entered into an employee matters agreement and intellectual property agreement with UTC and Otis. These agreements are not expected to have a material impact on the financial results of Carrier.

Business Summary

Carrier Global Corporation is a leading global provider of healthy, safe and sustainable building and cold chain solutions. Today, our portfolio includes industry-leading brands such as Carrier, Kidde, Edwards, LenelS2, Carrier Transicold and Automated Logic that offer innovative HVAC, refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable.

Our worldwide operations are affected by global and regional industrial, economic and political factors and trends. These factors and trends include the mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of our growing global population and the rising standards of living in emerging markets. We believe that the Company's HVAC, Refrigeration and Fire & Security business segments are well positioned to benefit from favorable secular trends, including these mega-trends and from the strength of our industry-leading brands and track record of innovation.

The effects of climate change, such as extreme weather conditions, create financial risks to our business. For example, the demand for our products and services, such as residential air conditioning equipment, may be affected by unseasonable weather conditions. Demand for our HVAC products and services, representing our largest segment by sales, is seasonal and affected by the weather. Cooler than normal summers depress our sales of replacement air conditioning products and services. Similarly, warmer than normal winters have the same effect on our heating products.

Our business is also affected by changes in the general level of economic activity, such as changes in business and consumer spending, construction activity and shipping activity. A change in building and remodeling activity also can affect our financial performance. In addition, our financial performance may be influenced by the production and utilization of transport equipment, including truck production cycles in North America and Europe.

Business Segments

Our operations are organized into three segments: HVAC, Refrigeration and Fire & Security. Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling and ventilation needs of residential and commercial customers. Our Refrigeration segment provides refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products. Our Fire & Security segment provides a wide range of residential and commercial building systems and security and service solutions. Our customers are in both the public and private sectors, and our businesses reflect extensive geographic diversification. See Note 1 – *Description of the Business* and Note 26 – *Segment Financial Data* in the accompanying Notes to the Consolidated Financial Statements for further information.

As part of our growth strategy, we invest in businesses in certain countries that carry higher levels of currency, political and/or economic risk, such as Mexico, China, Brazil, India and countries in the Middle East. As of December 31, 2020, our net assets in any one of these countries did not exceed 11% of our consolidated equity. See Note 26 – *Segment Financial Data* in the accompanying Notes to the Consolidated Financial Statements for further discussion of sales attributed to geographic regions.

Our earnings growth strategy contemplates earnings from organic sales growth, including growth from new product development and product improvements, structural cost reductions, operational improvements and incremental earnings from acquisitions.

Acquisition and restructuring costs associated with business combinations are expensed as incurred. Depending on the nature and level of acquisition activity, our earnings could be adversely impacted due to acquisition and restructuring actions initiated in connection with the integration of businesses acquired. For further discussion of acquisitions and restructuring, see Note 6 – Equity Method Investments and Related Parties, Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* and Note 17 – *Restructuring Costs* in the accompanying Notes to the Consolidated Financial Statements.

Impact of the COVID-19 pandemic

COVID-19 surfaced in late 2019 and has spread throughout the world. In March 2020, COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. government. The pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, resulted in significant travel restrictions, mandated facility closures, and resulted in shelter-in-place orders.

Carrier has taken and continues to take all prudent measures to protect the health and safety of our employees. In particular, we have implemented work-from-home requirements (where practical), social distancing and deep cleaning protocols at all of our facilities as well as travel restrictions, among other measures. We have also taken appropriate measures, which comply with applicable government regulations and guidance to work with our customers to minimize potential disruptions and to support the communities that we serve to address the challenges posed by the pandemic.

The full extent of the impact of COVID-19 on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic as well as any worsening or additional outbreaks of the pandemic, related containment and mitigation actions taken by the U.S. federal, state and local and international governments to prevent disease spread and the rollout of vaccines in the U.S. and internationally, including the effectiveness of such vaccines in preventing COVID-19 and the time it takes to vaccinate a sufficient percentage of the U.S. and global populations. The extent of the pandemic's impact on Carrier will also depend upon our employees' ability to work safely in our facilities and to be granted access to vaccines (including the time it takes for our employees to be vaccinated), our customers' ability to continue to operate or to receive our products, our suppliers' ability to continue to supply us with products and the level of activity and demand for the ultimate products and services of our customers or their customers.

In early 2020, we temporarily closed or reduced production at manufacturing facilities in North America, Asia and Europe for safety reasons and in response to lower demand for our products. Our manufacturing operations have since resumed, measures have been enacted to scale capacity to demand, and we continue to actively take steps to mitigate supply chain risk. We continue to apply appropriate safety measures and have not experienced any significant disruptions to our manufacturing operations. We also initiated return-to-work protocols at our non-manufacturing facilities where employees were previously working remotely.

We took preemptive actions in 2020 to preserve our liquidity and manage our cash flows to ensure we met our liquidity needs. Such actions included, but were not limited to, modifying the financial covenants in our revolving and term loan credit agreements and issuing $750 million of 2.700% Notes due 2031 (see Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements for further information), reducing our discretionary spending, our capital investments and general and administrative costs by implementing pay freezes and cuts, employee furloughs and the suspension of non-critical hiring, and participating in global COVID-19 relief measures.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. Note 3 – *Summary of Significant Accounting Policies* in the accompanying Notes to the Consolidated Financial Statements describes the significant accounting policies used in preparation of the consolidated financial statements. We believe that the most complex and sensitive judgments, because of their potential significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain and are described subsequently. Actual results could differ from management's estimates.

Goodwill and Intangible Assets

Our goodwill had an aggregate carrying amount of $10.1 billion as of December 31, 2020. Our indefinite-lived intangible assets primarily consist of individual trademarks, which had an aggregate carrying amount of $571 million as of December 31, 2020.

We test our reporting units and trademarks for impairment annually as of the first day of our third quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit or trademark is less than its carrying amount. Such events and circumstances could include, among other things, increased competition or unexpected loss of market share, increased input costs beyond projections (for example, due to regulatory or industry changes), disposals of significant businesses or components of our business, unexpected business disruptions (for example, due to the loss of a customer, supplier or other significant business relationship), unexpected significant declines in operating results or significant adverse changes in the markets in which we operate. We test reporting units for impairment by comparing the estimated fair value of each reporting unit with its carrying amount. We test trademarks for impairment by comparing the estimated fair value of each brand with its carrying amount. If the carrying amount of a reporting unit or trademark exceeds its estimated fair value, we record an impairment loss based on the difference between fair value and carrying amount. In the case of reporting units, any impairment loss would not exceed the associated carrying amount of goodwill.

We performed our annual impairment assessment of goodwill and indefinite-lived trademarks as of July 1, 2020. As part of our annual impairment testing, we considered the impact of the adverse effects of COVID-19 on the global economy and our business and performed a quantitative impairment assessment that compared the fair value of each reporting unit to its associated carrying value to determine whether it was necessary to recognize a goodwill impairment. Estimating the fair value of individual reporting units and trademarks requires us to make assumptions and estimates regarding our future plans, as well as industry, economic and regulatory conditions, which were updated in performing the impairment assessment. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management's expectations or plans otherwise change, including as a result of the execution of our global five-year strategic plan, then one or more of our reporting units or trademarks might become impaired in the future.

We utilize the discounted cash flow method under the income approach to estimate the fair value of our reporting units. The discounted cash flow method relies on estimates of future cash flows and explicitly addresses factors such as timing, growth and margins, with due consideration given to forecasting risk. We developed these assumptions based on the market and geographic risks unique to each reporting unit. The significant assumptions inherent in estimating the fair values include the estimated future annual net cash flows for each reporting unit (based on projected net sales, operating margins, working capital and capital expenditures), income tax rates, long-term growth rates and a discount rate that appropriately reflects the risks inherent in estimating future cash flows. We selected the assumptions used in the financial forecasts based on historical data, supplemented by current and anticipated market conditions, estimated growth rates and management's plans. For all reporting units, the fair value of goodwill exceeded the carrying value, resulting in no goodwill impairment. However, for one reporting unit with goodwill of $917 million, the excess of fair value over the carrying value was approximately 13%. For this reporting unit, a 100 basis point increase in the discount rate used in the financial forecast would result in an impairment of approximately $84 million. The estimated fair value of the reporting unit would be negatively impacted if future economic conditions are worse than our financial forecast and assumptions or there are substantial reductions in our end markets and volume assumptions relative to our financial forecast.

For our indefinite-lived assets, a fair value is determined on a relief from royalty methodology, which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning the asset. The significant assumptions inherent in estimating fair value include the estimated future annual net sales for each trademark, royalty rates (as a percentage of net sales that would hypothetically be charged by a licensor of the brand to an unrelated licensee), income tax considerations, long-term growth rates, a discount rate that reflects the level of risk

associated with the future cost savings attributable to the brand, and management's intent to invest in the brand indefinitely. We selected the assumptions used in the financial forecasts based on historical data, supplemented by current and anticipated market conditions, and estimated product category growth rates, management's plans and guideline companies. The present value of the after-tax cost savings (i.e., royalty relief) indicates the estimated fair value of the asset. Any excess of the carrying value over the estimated fair value would be recognized as an impairment loss equal to that excess. For all trade names, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) in the 2020 test was a minimum of 80%. Based upon the quantitative assessment performed, the fair value of indefinite-lived trademarks was determined to exceed the carrying value, resulting in no impairment.

The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows. Although these assets are not currently impaired, there can be no assurance that future impairments will not occur. See Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* in the accompanying Notes to the Consolidated Financial Statements for further information.

Revenue Recognition from Contracts with Customers

Effective January 1, 2018, we adopted ASU 2014-09 – *Revenue from Contracts with Customers* and its related amendments ("New Revenue Standard") and elected the modified retrospective approach. The adoption of the New Revenue Standard did not have a material impact on revenue, net income or net assets. Note 5 – Reve*nue Recognition* in the accompanying Notes to the Consolidated Financial Statements contains further detail regarding the adoption of the New Revenue Standard and its impact on the consolidated financial statements as of, and for, the year ended December 31, 2018.

We recognize revenue on an over-time basis on installation and service contracts related to our HVAC, Refrigeration and Fire & Security service businesses. For contracts recorded on an over-time basis, we measure progress toward completion using costs incurred to date relative to total estimated costs at completion. This over-time basis using an input method requires estimates of future revenues and costs over the full term of product and/or service delivery. Incurred costs represent work performed, which correspond with and best depict transfer of control to the customer. Contract costs are incurred over a period of time, which can generally range from several months to years, and the estimation of these costs requires management's judgment. We review our cost estimates on significant contracts on a quarterly basis and, for others, at least annually or when circumstances change and warrant a modification to a previous estimate. We record changes in contract estimates using the cumulative catch-up method.

We consider the contractual consideration payable by the customer and assess variable consideration that may affect the total transaction price, including contractual discounts, contract incentive payments, estimates of award fees and other sources of variable consideration, when determining the transaction price of each contract. Variable consideration is included in the estimated transaction price when there is a basis to reasonably estimate the amount. These estimates are based on historical experience, anticipated performance and management's judgment. We also consider whether the contracts provide customers with significant financing, although in general our contracts do not contain significant financing.

Income Taxes

The future tax benefit arising from deductible temporary differences and tax carryforwards was $838 million and $923 million as of December 31, 2020 and 2019, respectively. Management believes that our earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits, which may be realized over an extended period of time. For those jurisdictions where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, a valuation allowance is provided.

In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be affected by changes in tax laws, changes to statutory tax rates and future taxable income levels. In the event we were to determine that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through an increase to tax expense in the period in which that determination is made or when tax law changes are enacted. Conversely, if we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease a recorded valuation allowance through a decrease to tax expense in the period in which that determination is made.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the Consolidated Financial Statements. See Note 3 – *Summary of Significant Accounting Policies* and Note 19 – Income *Taxes* in the accompanying Notes to the Consolidated Financial Statements for further discussion.

Employee Benefit Plans

We sponsor domestic and foreign defined benefit pension and other post-retirement plans. The major assumptions used in the accounting for these employee benefit plans include the discount rate, expected

return on plan assets, rate of increase in employee compensation levels and mortality rates. Assumptions are determined based on company data and appropriate market indicators and are evaluated each year as of December 31. A change in any of these assumptions would have an effect on net periodic pension and post-retirement benefit costs reported in the Consolidated Financial Statements.

The following table summarizes the sensitivity of our pension plan liabilities and net periodic cost to a 25 basis point change in the discount rates for benefit obligations, interest cost and service cost as of December 31, 2020:

(DOLLARS IN MILLIONS)	Increase in Discount Rate of 25 bps	Decrease in Discount Rate of 25 bps
Pension plans		
Projected benefit obligation	$ (112)	$ 119
Net periodic pension (benefit) cost	$ (2)	$ 2

A 25 basis point change in the discount rate would not have a material impact on our post-retirement benefit plan obligations as of December 31, 2020.

These estimates assume no change in the shape or steepness of the company-specific yield curve used to plot the individual spot rates that will be applied to the future cash outflows for future benefit payments in order to calculate interest and service cost. A flattening of the yield curve, from a narrowing of the spread between interest and obligation discount rates, would increase our net periodic pension cost. Conversely, a steepening of the yield curve, from an increase in the spread between interest and obligation discount rates, would decrease our net periodic pension cost.

Pension expense is also sensitive to changes in the expected return on plan assets. An increase or decrease of 25 basis points in the expected return on plan assets would have decreased or increased 2020 pension expense by approximately $7 million.

The weighted-average discount rates used to measure pension liabilities and costs utilize each plan's specific cash flows and are then compared with high-quality bond indices for reasonableness. For our significant plans, we utilize a full yield curve approach in the estimation of the service cost and interest cost components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Global market interest rates decreased during 2020 compared with 2019, and as a result, the weighted-average discount rate used to measure pension liabilities decreased from 2.0% in 2019 to 1.4% during 2020. The weighted-average discount rates used to measure service cost and interest cost were 1.8% and 1.8%, respectively, during 2020 and 3.2% and 2.7%, respectively in 2019.

See Note 13 – *Employee Benefit Plans* in the accompanying Notes to the Consolidated Financial Statements for further discussion.

Contingent Liabilities

As described in Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements, contractual, regulatory and other matters, including asbestos claims, may arise in the ordinary course of business that subject us to claims or litigation. We have recorded reserves in the consolidated financial statements related to these matters, which are developed using input derived from actuarial estimates and historical and anticipated experience depending on the nature of the reserve, and in certain instances in consultation with legal counsel, internal and external consultants and engineers. Subject to the uncertainties inherent in estimating future costs for these types of liabilities, we believe our estimated reserves are reasonable and do not believe the final determination of the liabilities with respect to these matters would have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. See the "Risk Factors" section in our Annual Report on Form 10-K for 2020 for additional information.

Environmental Matters

Our operations are subject to environmental regulation by federal, state and local authorities in the U.S. and various regulatory authorities with jurisdiction over our foreign operations. As a result, we have established, and periodically update, policies relating to environmental standards of performance for our operations worldwide. We believe that expenditures necessary to comply with the current regulations governing environmental protection will not have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

At the commencement of 2020, we identified 85 locations with reserves for which we may have some liability for remediating contamination. However, a few of these locations tracked several claims as a group which we are now tracking as 95 separate locations. Additionally, we added two new locations to our remediation program for the year ended December 31, 2020, resulting in 97 locations with reserves as of December 31, 2020. We do not believe that any individual location's exposure will have a material adverse effect on our results of operations. Sites in the investigation, remediation or operation and maintenance stage represent approximately 85% of our accrued environmental remediation reserve, while the remaining 15% reflects administrative costs such as legal fees, permits, settlements and municipal fees.

We have been identified as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability ACT ("Superfund") at 18 sites. The number of Superfund sites, in and of itself, does not represent a relevant measure of liability because the nature and extent of environmental concerns vary from site to site and our share of responsibility varies from sole responsibility to very little responsibility. In estimating our liability for remediation, we consider our likely proportionate share of the anticipated remediation expense and the ability of other potentially responsible parties to fulfill their obligations.

As of December 31, 2020 and 2019, the outstanding liability for environmental obligations was $239 million and $217 million, respectively. See Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements for additional discussion.

Asbestos Matters

The amounts recorded for asbestos-related liabilities are based on currently available information and assumptions that we believe are reasonable and are made with input from outside actuarial experts. The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately $245 million to $276 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of $245 million, which is principally recorded in Other long-term liabilities on the Consolidated Balance Sheet as of December 31, 2020. This amount is not discounted and excludes the Company's legal fees to defend the asbestos claims, which will continue to be expensed by the Company as incurred. In addition, the Company has an insurance recovery receivable for probable asbestos related recoveries of approximately $103 million, which is included primarily in Other assets on the Consolidated Balance Sheet as of December 31, 2020. See "Legal Proceedings" for further discussion of the estimated liabilities and insurance recoveries. See Note 25 – *Commitments and Contingent Liabilities* in the accompanying Notes to the Consolidated Financial Statements for further discussion.

Recent Accounting Pronouncements

See Note 3 – *Summary of Significant Accounting Policies* in the accompanying Notes to the Consolidated Financial Statements for a discussion of recent accounting pronouncements and their effect on us.

RESULTS OF OPERATIONS

The Company's financial statements for the periods prior to the Separation and the Distribution are prepared on a "carve-out" basis as described in Note 2 – *Basis of Presentation*. The Company's financial statements for the period from April 3, 2020 through December 31, 2020 are consolidated financial statements based on the reported results of Carrier as a stand-alone company.

The following represents our consolidated net sales and operating results (dollars in millions):

	For the Year Ended December 31,		
(DOLLARS IN MILLIONS)	**2020**	2019	2018
Segment net sales:			
HVAC	**$ 9,478**	$ 9,712	$ 9,713
Refrigeration	**3,333**	3,792	4,095
Fire & Security	**4,985**	5,500	5,531
Eliminations and other	**(340)**	(396)	(425)
	17,456	18,608	18,914
Cost of products and services sold	**12,347**	13,189	13,345
Gross margin	**5,109**	5,419	5,569
Research and development	**419**	401	400
Selling, general and administrative	**2,820**	2,761	2,689
Equity method investment net earnings	**207**	236	220
Other income (expense), net	**1,006**	(2)	937
Operating profit	**3,083**	2,491	3,637
Non-service pension benefit	**60**	154	168
Interest (expense) income, net	**(288)**	27	37
Income from operations before income taxes	**2,855**	2,672	3,842
Income tax expense	**849**	517	1,073
Net income from operations	**2,006**	2,155	2,769
Less: Non-controlling interest in subsidiaries' earnings from operations	**24**	39	35
Net income attributable to common shareholders	**$ 1,982**	$ 2,116	$ 2,734

Net Sales

(DOLLARS IN MILLIONS)	2020	2019	2018
Net sales	$ 17,456	$ 18,608	$ 18,914
Percentage change	(6)%	(2)%	

The factors contributing to the total percentage change year-over-year in total net sales are as follows:

	2020	2019
Organic / Operational	(6)%	1%
Foreign currency translation	—%	(2)%
Acquisitions and divestitures, net	—%	(1)%
Total % change	(6)%	(2)%

The 6% organic sales decrease for the year ended December 31, 2020 reflects lower sales volumes across all of the segments driven by the economic slowdown attributed to COVID-19 throughout 2020. The organic sales decrease in HVAC of 2% reflects declines in commercial HVAC and light commercial HVAC that were largely driven by the economic slowdown related to COVID-19, partially offset by increases in North America residential HVAC. The increase in North America residential HVAC sales was driven by new housing starts in addition to higher demand for replacement units due to increased usage attributed to a warmer than normal summer and remote work and school activities associated with COVID-19. The organic sales decrease of 12% in Refrigeration was driven by declines in commercial refrigeration that were primarily due to lower demand and the closure of new equipment installation sites because of COVID-19, in transport refrigeration in Europe and North America due to economic slowdowns related to COVID-19 and lower truck trailer sales volume in North America when compared with the cyclical peak experienced in 2019. Fire & Security sales decreased 9% organically reflecting lower product and field service sales. The decline in product sales was primarily driven by lower volume in North America and EMEA due to COVID-19. Field service sales were down primarily in Europe and Asia reflecting the impact of business shutdowns and project delays as a result of COVID-19. For additional discussion on the segment results for 2020, see the section entitled "Segment Review."

The organic sales increase of 1% for the year ended December 31, 2019 was primarily driven by growth in HVAC (1%) and in Fire & Security (1%), partially offset by declines in Refrigeration (1%). HVAC organic sales growth was driven by stronger sales in North America residential HVAC and by growth in commercial HVAC in Asia and the Americas. Organic sales growth in Fire & Security was driven by stronger product sales globally, as well as field service growth primarily within Asia. The decline in Refrigeration was driven by transport refrigeration, primarily the container business, partially offset by growth in North America Truck Trailer as well as a decline in commercial refrigeration, primarily in Europe. The divestiture related sales decrease in 2019 was due to the sale of Taylor in 2018, which was part of Refrigeration.

Cost of Products and Services Sold

(DOLLARS IN MILLIONS)	2020	2019	2018
Total cost of products and services sold	$ 12,347	$ 13,189	$ 13,345
Percentage change year-over-year	(6)%	(1)%	

The factors contributing to the percentage change year-over-year in total cost of products and services sold are as follows:

	2020	2019
Organic / Operational	(6)%	2%
Foreign currency translation	—%	(2)%
Acquisitions and divestitures, net	—%	(1)%
Total % change	(6)%	(1)%

The 6% organic decrease in the cost of products and services sold for the year ended December 31, 2020 is consistent with the 6% organic sales decrease largely attributed to the economic slowdown related to COVID-19.

The decrease in total cost of products and services sold for the year ended December 31, 2019 was primarily driven by favorable foreign currency translation and net acquisition and divestiture activity, which more than offset increases from organic sales growth, higher tariffs and unfavorable commodity prices.

Gross Margin

(DOLLARS IN MILLIONS)	2020	2019	2018
Gross margin	$ 5,109	$ 5,419	$ 5,569
Percentage of net sales	29.3%	29.1%	29.4%

The 20 basis point increase in gross margin as a percentage of sales for 2020 reflects the benefit from favorable material productivity, partially offset by the effects of lower sales volumes largely as a result of the economic slowdown resulting from COVID-19.

Gross margin as a percentage of net sales decreased 30 basis points for the year ended December 31, 2019 as the favorable impact of pricing and productivity net of unfavorable commodity prices and tariffs was more than offset by unfavorable mix, the absence of a favorable prior year contract adjustment related to a large commercial project and the unfavorable year-over-year impact resulting from the revaluation of certain long-term liabilities.

Selling, General and Administrative

(DOLLARS IN MILLIONS)	2020	2019	2018
Selling, general and administrative expenses	$ 2,820	$ 2,761	$ 2,689
Percentage of net sales	16.2%	14.8%	14.2%

The $59 million increase in Selling, general and administrative expenses for the year ended December 31, 2020 was primarily attributed to a year-over-year increase of $75 million in one-time Separation related costs, $75 million in costs associated with Carrier's transition to an independent publicly traded company and other costs. Increased Separation and public company costs were partially offset by cost containment initiatives implemented to mitigate the impact of COVID-19, which included furloughs, temporary pay freezes and pay cuts and reductions in discretionary spending, lower restructuring costs of $61 million, the absence of a $34 million charge incurred in 2019 related to the impact of a consultant contract termination and lower costs associated with the wind-down of a residential intrusion business of $21 million. As a percentage of sales, the 140 basis point increase was primarily driven by lower sales as a result of COVID-19.

Selling, general and administrative expenses increased $72 million for the year ended December 31, 2019 primarily driven by $53 million of costs related to the Separation, and a consultant contract termination fee of $34 million, neither of which were incurred in 2018, partially offset by lower year-over-year corporate allocations from UTC.

We are continuously evaluating our cost structure and have implemented restructuring actions to keep our cost structure competitive. The amounts reflected previously include the impact of restructuring actions on Selling, general and administrative expenses. For further discussion, see Note 17 – *Restructuring Costs* in the accompanying Notes to the Consolidated Financial Statements.

Equity Method Investment Net Earnings

(DOLLARS IN MILLIONS)	2020	2019	2018
Equity method investment net earnings	**$ 207**	$ 236	$ 220

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. Equity method investment net earnings decreased $29 million for the year ended December 31, 2020 primarily due to lower earnings from our investments in HVAC joint ventures in Asia and the Middle East, primarily due to the impact of COVID-19 and the adverse impact of a product performance matter at one of our HVAC joint ventures.

In 2020, we sold our equity ownership in Beijer for $1.4 billion and recognized a pre-tax gain of approximately $1.1 billion. Following the sale, Carrier no longer has equity ownership in Beijer. For the year ended December 31, 2020, Carrier recognized $27 million of equity method investment net earnings related to our equity ownership in Beijer.

Equity in earnings of unconsolidated equity method investments increased by $16 million for the year ended December 31, 2019, primarily due to stronger earnings from our HVAC equity method investments in Europe and Asia.

See Note 6 – *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Other Income (Expense), Net

(DOLLARS IN MILLIONS)	2020	2019	2018
Other income (expense), net	**$ 1,006**	$ (2)	$ 937

Other income (expense), net primarily includes the impact of gains and losses related to sale of ownership in our equity method investments or infrequently occurring items. The year-over-year change of $1.0 billion for 2020, is primarily attributed to a $1.1 billion gain on the sale of our equity ownership in Beijer. The favorable $37 million year-over-year impact related to other-than-temporary impairment charges of $71 million in 2020 and $108 million in 2019 was offset by the absence of gains on the sale of equity method investments and real property of $79 million and $19 million in charges related to litigation matters in 2020.

The year-over-year decrease of $939 million in Other income (expense), net for the year ended December 31, 2019 was primarily driven by the absence of a prior year gain of $799 million from the divestiture of Taylor, as well as the 2019 impairment of an equity method investment of $108 million.

Interest (Expense) Income, Net

(DOLLARS IN MILLIONS)	2020	2019	2018
Interest expense	**$ (298)**	$ (75)	$ (84)
Interest income	**10**	102	121
Interest (expense) income, net	**$ (288)**	$ 27	$ 37

Prior to the Separation and the Distribution, interest income and interest expense related primarily to interest on related party activity between Carrier and UTC. See "Liquidity and Financial Condition" and Note 6 – *Equity Method Investments and Related Parties* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Interest (expense) income, net reflects $315 million higher year-over-year interest expense, net for the year ended December 31, 2020 compared with 2019 due to the issuance of $9.25 billion of long-term fixed rate notes in February 2020, a $1.75 billion draw on our Term Loan Credit Facility (defined subsequently) in March 2020, the issuance of $750 million of long-term fixed rate notes in June 2020, and a decrease in interest income earned on related party receivables due from UTC. In the three months ended December 31, 2020, Carrier prepaid the $1.75 billion Term Loan Credit Facility for which $26 million of interest expense was recognized in the year ended December 31, 2020. See Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements for additional information.

Interest (expense) income, net decreased for the year ended December 31, 2019 as compared with 2018, which primarily reflects changes in interest earned on related party receivables due from UTC.

Income Taxes

	2020	2019	2018
Effective tax rate	**29.7%**	19.4%	27.9%

The increase in the effective tax rate for the year ended December 31, 2020 compared with the prior year is primarily due to the absence of a prior year combined tax benefit of $149 million resulting from the filing by a Carrier subsidiary to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of an audit by the IRS for UTC tax years 2014, 2015 and 2016. In addition, the following tax costs were recorded for the year ended December 31, 2020: a $51 million adjustment related to a valuation allowance recorded against a United Kingdom tax loss and credit carry forward resulting from separation-related activities and an adjustment of $46 million resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings.

The 2019 effective tax rate reflects a net tax benefit of $149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of the audit by the Examination Division of the IRS for the UTC 2014, 2015 and 2016 tax years.

The 2018 effective tax rate reflects a net tax charge of $102 million as a result of UTC ceasing to assert that it intended to reinvest certain undistributed earnings of its international subsidiaries. The effective income tax rate for 2018 also reflects the incremental tax cost associated with the divestiture of Taylor.

For further discussion of income taxes and the effective income tax rate, see "Critical Accounting Estimates — Income Taxes" and Note 19 – *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements.

Segment Review

We determine our segments based on how our Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM"), allocates resources, assesses performance and makes operational decisions. The CODM allocates resources and evaluates the financial performance of each of our segments, HVAC, Refrigeration and Fire & Security, based on net sales and operating profit. Adjustments to reconcile segment reporting to the consolidated results for 2020 and 2019 are included in the section entitled "Eliminations and other and General corporate expenses."

Summary performance for each of our segments is as follows:

	Net Sales			Operating Profit			Operating Margin		
(DOLLARS IN MILLIONS)	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018
HVAC	**$ 9,478**	$ 9,712	$ 9,713	**$ 2,462**	$1,563	$1,720	**26.0%**	16.1%	17.7%
Refrigeration	**3,333**	3,792	4,095	**357**	532	1,353	**10.7%**	14.0%	33.0%
Fire & Security	**4,985**	5,500	5,531	**584**	708	726	**11.7%**	12.9%	13.1%
Total segment	**17,796**	19,004	19,339	**3,403**	2,803	3,799	**19.1%**	14.7%	19.6%
Eliminations and other	**(340)**	(396)	(425)	**(184)**	(156)	(24)	**54.1%**	40.0%	5.6%
General corporate expenses	**—**	—	—	**(136)**	(156)	(138)	**—%**	—%	—%
Consolidated	**$ 17,456**	$ 18,608	$ 18,914	**$ 3,083**	$ 2,491	$ 3,637	**17.7%**	13.4%	19.2%

HVAC

Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Our established brands include Automated Logic, BluEdge, Bryant, Carrier, CIAT, Day & Night, Heil, NORESCO, Riello and Tempstar. Products include air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions. Some of these products are part of Carrier's Healthy Buildings Program, which offers a suite of targeted solutions focused on improving indoor air quality in buildings and homes. HVAC products and solutions are sold directly, including to building contractors and owners, and indirectly through joint ventures, independent sales representatives, distributors, wholesalers, dealers and retail outlets, and through direct sales offices which sell, in part, to mechanical contractors.

2020 Compared with 2019

(DOLLARS IN MILLIONS)	2020	2019	Increase (Decrease)	% Increase (Decrease)
Net sales	**$ 9,478**	$ 9,712	$ (234)	(2)%
Operating profit	**$ 2,462**	$ 1,563	$ 899	58%

	Net sales	Operating profit
Organic / Operational	(2)%	(15)%
Foreign currency translation	—%	(1)%
Restructuring	—%	3%
Other	—%	71%
Total % change	(2)%	58%

The organic sales decrease of 2% reflects declines in North America light commercial HVAC (15%) and commercial HVAC (9%) largely driven by the economic slowdown resulting from COVID-19, partially offset by increases in North America residential HVAC (10%). Commercial HVAC sales declined globally except in China, which saw an increase. The residential HVAC sales increase was driven by new housing starts in addition to higher demand for replacement units attributed to increased usage as a result of a warmer than normal summer, and remote work and school activity resulting from COVID-19.

The operational profit decrease of 15% was primarily attributed to lower sales volumes and unfavorable mix and increased selling, general and administrative costs, including higher costs associated with Carrier's transition to an independent publicly traded company partially offset by favorable net material productivity.

The increase in Other of 71% primarily reflects a $1.1 billion gain on the sale of the Company's equity ownership in Beijer, partially offset by a $108 million impairment charge related to a minority-owned joint venture investment in 2019.

2019 Compared with 2018

(DOLLARS IN MILLIONS)	2019	2018	Increase (Decrease)	% Increase (Decrease)
Net sales	$9,712	$9,713	$ (1)	—%
Operating profit	$1,563	$1,720	$ (157)	(9)%

	Net sales	Operating profit
Organic / Operational	1%	—%
Foreign currency translation	(1)%	(1)%
Restructuring	—%	(2)%
Other	—%	(6)%
Total % change	—%	(9)%

The organic sales increase of 1% primarily reflects stronger North America residential HVAC sales (2%), in addition to growth for commercial HVAC offerings in Asia (3%) and the Americas (2%), partially offset by declines in EMEA (9%).

Organic operational profit was flat due to favorable pricing offset by unfavorable mix.

The 6% decrease in Other primarily reflects a $108 million impairment charge related to a minority-owned joint venture investment in 2019.

Refrigeration

Our Refrigeration segment includes transport refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products. Transport refrigeration products and cold chain monitoring solutions, which are part of Carrier's Healthy, Safe, Sustainable Cold Chain Program, are used to enable the safe and reliable transport of food and beverages, medical supplies, including vaccines and other perishable cargo. Commercial refrigeration solutions include refrigerated cabinets, freezers, systems and controls. Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of food and beverage retail. Our Refrigeration products and services are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Refrigeration products and services are sold directly, including to transportation companies and retail stores, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers and dealers.

2020 Compared with 2019

(DOLLARS IN MILLIONS)	2020	2019	Increase (Decrease)	% Increase (Decrease)
Net sales	$3,333	$3,792	$(459)	(12)%
Operating profit	$ 357	$ 532	$(175)	(33)%

	Net sales	Operating profit
Organic / Operational	(12)%	(29)%
Foreign currency translation	—%	1%
Other	—%	(5)%
Total % change	(12)%	(33)%

The organic sales decrease of 12% was driven by declines in transport refrigeration (14%) and commercial refrigeration (9%). The decline in transport refrigeration sales reflects lower sales volume in North America when compared with the cyclical peak experienced in 2019 and the economic slowdown resulting from COVID-19, and Europe truck trailer sales volume decreased due to COVID-19. Commercial refrigeration sales declined primarily due to lower demand and the closure of new equipment installation sites resulting from COVID-19.

The operational profit decrease of 29% was primarily attributed to lower sales volumes and unfavorable mix, increased selling, general and administrative costs, including higher costs associated with Carrier's transition to an independent publicly traded company, partially offset by favorable net material productivity.

The 5% decrease in Other primarily reflects the year-over-year impact of the absence of a $22 million gain on an expropriated plant in 2019.

2019 Compared with 2018

(DOLLARS IN MILLIONS)	2019	2018	Increase (Decrease)	% Increase (Decrease)
Net sales	$3,792	$4,095	$(303)	(7)%
Operating profit	$ 532	$1,353	$(821)	(61)%

	Net sales	Operating profit
Organic / Operational	(1)%	—%
Foreign currency translation	(3)%	(1)%
Acquisitions and divestitures, net	(3)%	(2)%
Other	—%	(58)%
Total % change	(7)%	(61)%

The organic sales decrease of 1% was driven by declines in transport refrigeration sales (1%), primarily in the container business (9%) and declines in commercial refrigeration (1%), primarily in Europe, partially offset by growth in North America truck trailer (5%).

Organic operational profit was flat on lower sales due to favorable pricing.

The 58% decrease in Other primarily reflects the year-over-year impact of the absence of the prior year gain from the divestiture of Taylor.

Fire & Security

Our Fire & Security segment provides a wide range of residential, commercial and industrial technologies, and systems and service solutions to protect people and property, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems and electronic controls. Other Fire & Security service offerings include audit, design, installation and system integration, as well as aftermarket, maintenance and repair and monitoring services. Our established brands include Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Kidde, LenelS2, Marioff, Onity and Supra. Our Fire & Security products and solutions, also part of Carrier's Healthy Homes and Healthy Buildings Program, are sold directly to end customers as well as through manufacturers' representatives, distributors, dealers, value-added resellers and retail distribution. In addition, certain of our products are supported by installation, maintenance and monitoring through a network of channel partners and our field service business, along with web-based mobile applications and cloud-based services.

2020 Compared with 2019

(DOLLARS IN MILLIONS)	**2020**	2019	Increase (Decrease)	% Increase (Decrease)
Net sales	**$4,985**	$5,500	$(515)	(9)%
Operating profit	**$ 584**	$ 708	$(124)	(18)%

	Net Sales	Operating Profit
Organic / Operational	(9)%	(22)%
Foreign currency translation	—%	1%
Restructuring	—%	3%
Total % change	(9)%	(18)%

The organic sales decrease of 9% reflects lower product (10%) and field service (9%) sales. The decline in product sales was primarily driven by lower volume in North America and EMEA resulting from COVID-19. Field service sales were down primarily in Europe and Asia reflecting the impact of business shutdowns and project delays resulting from COVID-19.

The operational profit decrease of 22% was primarily attributed to lower sales volumes and higher provisions for customer credit losses partially offset by favorable material productivity.

2019 Compared with 2018

(DOLLARS IN MILLIONS)	2019	2018	Increase (Decrease)	% Increase (Decrease)
Net sales	$5,500	$5,531	$(31)	(1)%
Operating profit	$ 708	$ 726	$(18)	(2)%

	Net Sales	Operating Profit
Organic / Operational	1%	(2)%
Foreign currency translation	(3)%	(2)%
Acquisitions and divestitures, net	1%	2%
Restructuring	—%	(2)%
Other	—%	2%
Total % change	(1)%	(2)%

The organic sales increase of 1% was driven primarily by global growth in product sales (1%) and growth in field service (1%), primarily in Asia (5%).

The organic operational profit decrease of 2% was driven by unfavorable mix and investments in research and development.

The 2% increase in Other primarily reflects the absence of the prior year impact associated with a product recall matter.

Eliminations and other and General corporate expenses

	Net Sales			Operating Profit		
(DOLLARS IN MILLIONS)	**2020**	2019	2018	**2020**	2019	2018
Eliminations and other	**$(340)**	$(396)	$(425)	**$(184)**	$(156)	$ (24)
General corporate expenses	**$ —**	$ —	$ —	**$(136)**	$(156)	$(138)

2020 Compared with 2019

Eliminations and other reflects the elimination of sales, other income and operating profit resulting from activity between segments, net hedging and foreign exchange-related gains and losses, as well as other infrequently occurring items, such as divestiture transaction costs. In addition, Eliminations and other includes costs associated with the settlement and defense of potential future asbestos-related claims, insurance settlements on asbestos-related matters and

revisions in the estimated liability for potential future asbestos-related claims. Inter-segment sales eliminations decreased for the year ended December 31, 2020 compared with 2019.

For the year ended December 31, 2020, the $28 million year-over-year decrease in operating profit in Eliminations and other, compared with 2019, was primarily attributed to $54 million in incremental separation-related costs and higher deferred compensation charges of $16 million partially offset by the absence of a $34 million charge incurred in 2019 related to the impact of a consultant contract termination.

General corporate expenses include allocations of corporate expenses from UTC prior to the Separation and the Distribution, which are not necessarily indicative of our future expenses and do not necessarily reflect the results that Carrier may experience as an independent company for the periods presented.

2019 Compared with 2018

The year-over-year decrease in sales eliminations for the year ended December 31, 2019 as compared with 2018 reflects a decrease in the amount of inter-segment eliminations.

The year-over-year change in operating profit within Eliminations and other for the year ended December 31, 2019 is primarily due to separation-related costs of $58 million, a $34 million charge related to the impact of a consultant contract termination and lower asbestos-related settlement gains of $31 million, partially offset by the absence of $15 million of divestiture transaction costs in 2018.

The year-over-year change in General corporate expenses for the year ended December 31, 2019 was primarily driven by higher general and administrative expenses.

LIQUIDITY AND FINANCIAL CONDITION

	As of December 31,	
(DOLLARS IN MILLIONS)	**2020**	2019
Cash and cash equivalents	**$ 3,115**	$ 952
Total debt	**$ 10,227**	$ 319
Net debt (total debt less cash and cash equivalents)	**$ 7,112**	$ (633)
Total Equity	**$ 6,578**	$ 14,435
Total capitalization (total debt plus total equity)	**$ 16,805**	$ 14,754
Net capitalization (total debt plus total equity less cash and cash equivalents)	**$ 13,690**	$ 13,802
Total debt to total capitalization	**61%**	NM
Net debt to net capitalization	**52%**	NM

Not measurable ("NM") - Prior to the Separation and the Distribution, Carrier participated in UTC's centralized cash management and financing programs; as such, these metrics are neither meaningful nor comparable to those of Carrier as a stand-alone company. See Note 6 – Equity Method Investments and Related Parties in the accompanying Notes to the Consolidated Financial Statements for additional information on the UTC cash management programs.

Prior to the Separation and the Distribution, Carrier participated in UTC's centralized cash pooling and financing programs. Historically, we independently generated operating cash flows sufficient to fund our working capital, capital expenditures and financing needs. Following the Separation and the Distribution, the capital structure and sources of liquidity for Carrier changed as Carrier no longer participates in cash management and financing programs with UTC. Instead, Carrier's ability to fund our capital requirements depends on our ability to generate cash flows from operations. Following the Separation and the Distribution, Carrier has access to a $2.0 billion Revolving Credit Facility (defined subsequently) that supports a commercial paper borrowing program and anticipates continuing to have access to the debt capital markets. We believe that our future operating cash flows and anticipated access to capital will provide sufficient sources of liquidity over the next twelve months to meet our commitments, including the negative impact of COVID-19 on our business.

From time to time we may need to access the capital markets to obtain financing. Although we believe that the arrangements currently in place permit us to finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including (1) our credit ratings or absence of credit ratings, (2) the liquidity of the overall capital markets and (3) the state of the economy, including the impact of COVID-19. There can be no assurance that we will be able to obtain additional financing on terms favorable to us, if at all.

Financing for operational and strategic requirements, not satisfied by operating cash flows, is subject to the availability of external funds through short-term and long-term credit markets. The access to and cost of financing is dependent upon, among other factors, the Company's credit ratings. The following table presents our credit ratings and outlook as of December 31, 2020.

RATING AGENCY	Long-term Rating [1]	Short-term Rating	Outlook [2]
S&P	BBB	A2	Negative
Moody's	Baa3	P3	Stable
Fitch Ratings	BBB-	F3	Stable

(1) The long-term rating for S&P was affirmed on June 15, 2020, and for Moody's on June 16, 2020. Fitch Ratings' long-term rating was issued on June 11, 2020.

(2) S&P revised its outlook to negative from stable on June 15, 2020.

As of December 31, 2020, we had cash and cash equivalents of $3.1 billion, of which approximately 33% was held by Carrier's foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds and the cost effectiveness with which those funds can be accessed if held by foreign subsidiaries. On occasion, we are required to maintain cash deposits in connection with contractual obligations related to acquisitions or divestitures or other legal obligations. As of December 31, 2020 and 2019, the amount of such restricted cash was approximately $4 million and $5 million, respectively.

Borrowings and Lines of Credit

Long-term debt consisted of the following:

		As of December 31,	
(DOLLARS IN MILLION)	Interest Rate	**2020**	2019
1.923% Notes due February 15, 2023	1.923%	**$ 500**	$ —
2.242% Notes due February 15, 2025	2.242%	**2,000**	—
2.493% Notes due February 15, 2027	2.493%	**1,250**	—
2.722% Notes due February 15, 2030	2.722%	**2,000**	—
2.700% Notes due February 15, 2031	2.700%	**750**	—
3.377% Notes due April 5, 2040	3.377%	**1,500**	—
3.577% Notes due April 5, 2050	3.577%	**2,000**	—
Other (including project financing obligations and finance leases)		**308**	319
Total principal long-term debt		**10,308**	319
Other (discounts and debt issuance costs)		**(81)**	—
Total debt		**10,227**	319
Less: current portion of long-term debt		**191**	237
Long-term debt, net of current portion		**$10,036**	$ 82

On February 10, 2020, Carrier entered into a revolving credit agreement with various banks permitting aggregate borrowings of up to $2.0 billion pursuant to an unsecured, unsubordinated Revolving Credit Facility that matures on April 3, 2025 as amended, (the "Revolving Credit Facility"). A commitment fee of 0.125% is charged on the unused commitments. Borrowings under the Revolving Credit Facility are available in U.S. Dollars, Euros and Pounds Sterling and bear interest at a variable interest rate based on LIBOR plus a ratings-based margin, which was 125 basis points as of December 31, 2020. The Revolving Credit Facility supports our commercial paper program and cash requirements. As of December 31, 2020, there were no borrowings on the Revolving Credit Facility.

On February 10, 2020, Carrier entered into a term loan credit agreement providing for a $1.75 billion unsecured, unsubordinated term loan credit facility which matures on February 10, 2023 (as amended, the "Term Loan Credit Facility"). On March 27, 2020, Carrier drew the full $1.75 billion available, and in the three months ended December 31, 2020, we fully prepaid the $1.75 billion outstanding under the Term Loan Credit Facility. The Term Loan Credit Facility was subject to a variable interest rate based on LIBOR plus a ratings-based margin, which immediately prior to the repayment date in the three months ended December 31, 2020 was 112.5 basis points. In connection with the full prepayment of the Term Loan Credit Facility, the term loan credit agreement was terminated.

On February 27, 2020, Carrier issued $9.25 billion of unsecured, unsubordinated long-term fixed rate notes in six series with maturities ranging from 2023 through 2050. Carrier used the proceeds from such long-term fixed rate notes and the Term Loan Credit Facility to fund approximately $10.9 billion in distributions to UTC in connection with the Separation.

The revolving credit agreement and indenture contain affirmative and negative covenants customary for financings of this type, that among other things, limit Carrier and our subsidiaries' ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. On June 2, 2020, the Company entered into an amendment of the Revolving Credit Facility. Pursuant to the amendment, certain terms of the Revolving Credit Facility were amended for a period beginning on June 2, 2020 and ending on December 30, 2021 (the "Covenant Modification Period"). The Company may terminate the Covenant Modification Period prior to December 30, 2021, subject to the satisfaction of certain conditions. The amendment defers testing of our consolidated total net leverage ratio financial covenant until June 30, 2021 and increases the consolidated total net leverage ratio limit until December 31, 2021. The amendment also requires us to maintain liquidity at a certain level until the earlier of (1) June 29, 2021 and (2) the last day of the Covenant Modification Period. Additionally, during the Covenant Modification Period, the Company is subject to (a) limitations on the incurrence of subsidiary indebtedness, (b) limitations on the making of restricted payments, including purchases by the Company of our ordinary shares and the amount of dividends the Company may pay, and (c) a "most favored nations" provision related to certain terms of any committed credit facility in an amount greater than $100 million. As of December 31, 2020, we were compliant with all covenants under the agreements governing our outstanding indebtedness.

On June 19, 2020, Carrier issued $750 million of unsecured, unsubordinated 2.700% Notes due in 2031. These notes rank equally with our other unsecured, unsubordinated obligations. We used the net proceeds from the sale of such notes, which further enhanced our liquidity and financial flexibility during the ongoing COVID-19 pandemic, for general corporate purposes.

As of December 31, 2020, we have a $2.0 billion unsecured, unsubordinated commercial paper program which we plan to use for general corporate purposes, including the funding of working capital and potential acquisitions. As of December 31, 2020, there were no borrowings outstanding under the commercial paper program.

Interest payments related to indebtedness are expected to approximate $291 million per year, reflecting an approximate weighted-average interest rate of 2.8%.

Share Repurchase Program

On February 4, 2021 the Company's Board of Directors approved a stock repurchase program authorizing the repurchase of up to $350 million of the Company's outstanding common stock. Share repurchases may take place from time to time, subject to market conditions and at the Company's discretion in the open market or through one or more other public or private transactions.

Other

The funded status of our defined benefit pension plans is dependent upon many factors, including returns on invested assets, the level of market interest rates and actuarial mortality and other assumptions. We can contribute cash subject to applicable regulations. As of December 31, 2020, our qualified domestic defined benefit pension plans are approximately 109% funded on a projected benefit obligation basis, and we are not required to make additional contributions through the end of 2022. We expect to make total contributions of approximately $28 million to our global defined benefit pension plans in 2021. Contributions to our global defined benefit pension plans in 2021 are expected to meet or exceed the current funding requirements.

Cash Flows

	For the Year Ended December 31,		
(DOLLARS IN MILLIONS)	**2020**	2019	2018
Cash provided by (used in):			
Operating activities	**$ 1,692**	$ 2,063	$ 2,055
Investing activities	**1,106**	(259)	415
Financing activities	**(681)**	(1,982)	(2,627)
Effect of foreign exchange rate changes on cash and cash equivalents	**45**	1	(39)
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ 2,162**	$ (177)	$ (196)

Cash Flows - 2020 Compared with 2019

Cash provided by operating activities was $1.7 billion for the year ended December 31, 2020 compared with $2.1 billion for the year ended December 31, 2019. The $371 million year-over-year decrease in cash provided by operating activities was attributed to lower net income from operations, net of non-cash adjustments, partially offset by $446 million in cash provided from working capital due to the timing of vendor payments and income taxes.

Net cash provided by investing activities increased $1.4 billion in the year ended December 31, 2020 compared with the year ended December 31, 2019 due to the receipt of $1.4 billion from the sale of our equity ownership in Beijer.

Net cash used in financing activities decreased $1.3 billion in the year ended December 31, 2020 compared with the year ended December 31, 2019. Net transfers to UTC increased $8.4 billion due to the Separation and were funded by the issuance of $11.0 billion in long-term debt of which the $1.75 billion Term Loan Credit Facility was prepaid in the three months ended December 31, 2020. On June 19, 2020 Carrier issued $750 million in Notes due 2031 to enhance financial flexibility during COVID-19.

Cash Flows - 2019 Compared with 2018

Cash provided by operating activities was $2.1 billion for the year ended December 31, 2019 which was consistent with the $2.1 billion provided by operating activities in the year ended December 31, 2018.

Net cash used in investing activities decreased $674 million in the year ended December 31, 2019 compared with the year ended December 31, 2018 due to the absence of $1.0 billion in proceeds received from the 2018 sale of Taylor, partially offset by a $310 million decrease in cash outflows for acquisitions.

Prior to the Separation our financing activities primarily related to net transfers to UTC. Net cash used in financing activities decreased $645 million in the year ended December 31, 2019 compared with the year ended December 31, 2018 primarily due to a decrease in net transfers to UTC.

Off-Balance Sheet Arrangements and Contractual Obligations

We extend a variety of financial guarantees to third parties in support of our business. We also have obligations arising from environmental, health and safety, tax and employment matters. Circumstances that could cause the contingent obligations and liabilities arising from these arrangements to come to fruition include changes in an underlying transaction, non-performance under a contract or deterioration in the financial condition of the guaranteed party.

A summary of our contractual obligations and commitments as of December 31, 2020 is as follows:

(DOLLARS IN MILLIONS)	Total	2021	2022-2023	2024-2025	Thereafter
Operating leases	$ 939	$ 180	$ 279	$ 182	$ 298
Purchase Obligations	1,437	1,186	213	36	2
Long-term debt - principal	10,308	190	618	2,000	7,500
Interest on long-term debt	4,174	292	566	507	2,809
Obligations to UTC under TMA	453	—	70	208	175
Other long-term liabilities	1,223	255	254	158	556
Total contractual obligations	$ 18,534	$ 2,103	$ 2,000	$ 3,091	$ 11,340

Operating leases include amounts related to future contractual payments on our leases for land and buildings, vehicles and machinery and equipment.

Purchase obligations include amounts committed for the purchase of goods and services under legally enforceable contracts or purchase orders. Where it is not practically feasible to determine the legally enforceable portion of our obligation under certain of our long-term purchase agreements, we include additional expected purchase obligations beyond what may be legally enforceable.

Long-term debt includes current maturities, financing leases and obligations under project financing arrangements. See Note 12 – *Borrowings and Lines of Credit* in the accompanying Notes to the Consolidated Financial Statements.

Other long-term liabilities include liabilities representing obligations under product service and warranty policies, estimated environmental remediation costs and expected contributions and liabilities under employee benefit programs. The timing of expected cash flows associated with these obligations is based upon management's estimates over the terms of these agreements and is largely based upon historical experience.

Obligations to UTC under the TMA include Carrier's obligations to pay $453 million to UTC resulting from the TCJA's mandatory transition tax attributable to Carrier. This amount will be settled with UTC in five future payments, the next of which is scheduled in April 2022. See Note 19 - *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements for additional information.

The previous table excludes the following:

- Unrecognized tax benefits of $162 million that have not been recognized in the Company's Consolidated Financial Statements. It is uncertain if or when these previously claimed tax benefits could become payable if challenged by a taxing authority. See Note 19 – *Income Taxes* in the accompanying Notes to the Consolidated Financial Statements for additional discussion on unrecognized tax benefits.
- The Company is self-insured for workers' compensation, general liability and group healthcare benefits. The Company's self-insurance reserve totaled $249 million and $239 million as of December 31, 2020 and 2019, respectively. Self-insurance liabilities are based on estimates and actuarial assumptions. The amount and timing of payments can fluctuate and for this reason, they are not included in the previous table.
- The Company's obligations under defined pension plans are based on estimates and actuarial assumptions that can fluctuate in amount and timing and for this reason, only contributions expected in 2021 are included in the previous table.

Cautionary Note Concerning Factors That May Affect Future Results

This Annual Report to shareowners contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. 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 can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "confident," "scenario" and other words of similar meaning in connection with a discussion of future operating or financial performance or the Separation. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flows, 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, the estimated costs associated with the Separation, Carrier's plans with respect to our indebtedness and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation:

- the effect of economic conditions in the industries and markets in which Carrier and our businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction, the impact of weather conditions, pandemic health issues (including COVID-19 and its effects, among other things, on production and on global supply, demand, and distribution as the outbreak continues and results in a prolonged period of travel, commercial and other restrictions and limitations), natural disasters and the financial condition of our customers and suppliers;
- challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;
- future levels of indebtedness, capital spending and research and development spending;
- future availability of credit and factors that may affect such availability, including credit market conditions and Carrier's capital structure and credit ratings;
- the timing and scope of future repurchases of Carrier's common stock, including market conditions and the level of other investing activities and uses of cash;
- delays and disruption in the delivery of materials and services from suppliers;
- cost reduction efforts and restructuring costs and savings and other consequences thereof;
- new business and investment opportunities;
- risks resulting from being a smaller less diversified company than prior to the Separation;
- the outcome of legal proceedings, investigations and other contingencies;
- the impact of pension plan assumptions on future cash contributions and earnings;
- the impact of the negotiation of collective bargaining agreements and labor disputes;
- the effect of changes in political conditions in the U.S. (including in connection with the new administration in Washington, D.C.) and other countries in which Carrier and our businesses operate, including the effect of changes in U.S. trade policies or the United Kingdom's withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond;
- the effect of changes (including potentially as a result of the new administration in Washington, D.C.) in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which we and our businesses operate;
- the ability of Carrier to retain and hire key personnel;
- the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- the expected benefits of the Separation;
- a determination by the U.S. Internal Revenue Service ("IRS") and other tax authorities that the Distribution or certain related transactions should be treated as taxable transactions;
- risks associated with indebtedness, including that incurred as a result of financing transactions undertaken in connection with the Separation, as well as our ability to reduce indebtedness and the timing thereof;
- the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the Separation will exceed Carrier's estimates; and
- the impact of the Separation on Carrier's business and Carrier's resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

In addition, our Annual Report on Form 10-K for 2020 includes important information as to risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. See the Notes to the Consolidated Financial Statements under the heading "Note 25 – *Commitments and Contingent Liabilities*," the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Business Overview," "Results of Operations," "Liquidity and Financial Condition," and "Critical Accounting Estimates," and the section entitled "Risk Factors." Our Annual Report on Form 10-K also includes important information as to these factors in the "Business" section under the headings "General," "Other Matters Relating to Our Business as a Whole," and in the "Legal Proceedings" section. The forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. 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 SEC.

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS AND SHAREOWNERS OF CARRIER GLOBAL CORPORATION

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Carrier Global Corporation and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2020 appearing after Item 16 and signatures page (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

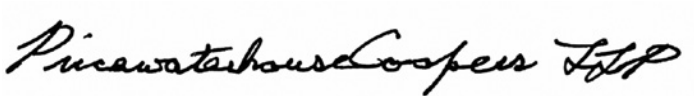
Goodwill Impairment Assessment – One Reporting Unit where the Excess of Fair Value over Carrying Value Was Approximately 13% at the Assessment Date

As described in Notes 3 and 10 to the consolidated financial statements, the Company's total goodwill balance was $10.1 billion as of December 31, 2020 and the goodwill associated with one reporting unit where the excess of fair value over carrying value was approximately 13% at the assessment date was $917 million. Goodwill is tested annually for impairment as of July 1, or when a triggering event occurs that indicates the fair value of the reporting unit may have decreased below the carrying value. If the carrying value of the reporting unit exceeds its estimated fair value, management records an impairment based on the difference between fair value and carrying value, not to exceed the total amount of goodwill allocated to the reporting unit. Management utilizes the discounted cash flow method under the income approach to estimate the fair value of the reporting units. The significant assumptions related to projected net sales, projected operating margins, working capital, capital expenditures, income tax rate, long-term growth rate and the discount rate.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the one reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the reporting unit, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to projected net sales, projected operating margins, long-term growth rate and the discount rate, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing management's process for developing the fair value measurement of the reporting unit; (ii) evaluating the appropriateness of the discounted cash flow method, (iii) testing the completeness and accuracy of underlying

data used in the method, and (iv) evaluating the reasonableness of the significant assumptions used by management related to projected net sales, projected operating margins, long-term growth rate and the discount rate. Evaluating management's assumptions related to projected net sales and projected operating margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of management's discounted cash flow method and management's significant assumptions related to the long-term growth rate and the discount rate.



Hallandale Beach, Florida
February 9, 2021

We have served as the Company's auditor since 2019.

Consolidated Statement of Operations

(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS; SHARES IN MILLIONS)	For the Year Ended December 31, 2020	2019	2018
Net sales			
Product sales (Note 6)	**$ 14,347**	$ 15,360	$ 15,674
Service sales	**3,109**	3,248	3,240
	17,456	18,608	18,914
Costs and expenses			
Cost of products sold (Note 6)	**10,185**	10,890	11,063
Cost of services sold	**2,162**	2,299	2,282
Research and development	**419**	401	400
Selling, general and administrative	**2,820**	2,761	2,689
	15,586	16,351	16,434
Equity method investment net earnings	**207**	236	220
Other income (expense), net	**1,006**	(2)	937
Operating profit	**3,083**	2,491	3,637
Non-service pension benefit	**60**	154	168
Interest (expense) income, net	**(288)**	27	37
Income from operations before income taxes	**2,855**	2,672	3,842
Income tax expense	**849**	517	1,073
Net income from operations	**2,006**	2,155	2,769
Less: Non-controlling interest in subsidiaries' earnings from operations	**24**	39	35
Net income attributable to common shareowners	**$ 1,982**	$ 2,116	$ 2,734
Earnings per share (Note 4)			
Basic	**$ 2.29**	$ 2.44	$ 3.16
Diluted	**$ 2.25**	$ 2.44	$ 3.16
Weighted-average number of shares outstanding (Note 4)			
Basic	**866.5**	866.2	866.2
Diluted	**880.2**	866.2	866.2

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

	For the Year Ended December 31,		
(DOLLARS IN MILLIONS)	**2020**	2019	2018
Net income from operations	**$ 2,006**	$ 2,155	$ 2,769
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments arising during period	**604**	48	(449)
Less: reclassification adjustments for gain on sale of an investment in a foreign entity recognized in Other income (expense), net	**—**	2	—
	604	50	(449)
Pension and post-retirement benefit plans:			
Net actuarial loss arising during period	**(94)**	(112)	(221)
Prior service cost arising during period	**—**	—	(9)
Amortization of actuarial loss and prior service credit	**24**	11	17
Other	**(35)**	3	21
	(105)	(98)	(192)
Tax benefit	**22**	15	33
	(83)	(83)	(159)
Change in unrealized cash flow hedging:			
Loss reclassified into Product sales	**—**	—	2
	—	—	2
Other comprehensive income (loss), net of tax	**521**	(33)	(606)
Comprehensive income	**2,527**	2,122	2,163
Less: Comprehensive income attributable to non-controlling interest	**(37)**	(35)	(27)
Comprehensive income attributable to common shareowners	**$ 2,490**	$ 2,087	$ 2,136

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet

(DOLLARS IN MILLIONS)	As of December 31, 2020	2019
Assets		
Cash and cash equivalents	**$ 3,115**	$ 952
Accounts receivable, net (Note 6)	**2,781**	2,726
Contract assets, current	**656**	622
Inventories, net	**1,629**	1,332
Other assets, current	**343**	327
Total current assets	**8,524**	5,959
Future income tax benefits	**449**	500
Fixed assets, net	**1,810**	1,663
Operating lease right-of-use assets	**788**	832
Intangible assets, net	**1,037**	1,083
Goodwill	**10,139**	9,884
Pension and post-retirement assets	**554**	490
Equity method investments	**1,513**	1,739
Other assets	**279**	256
Total Assets	**$ 25,093**	$ 22,406
Liabilities and Equity		
Accounts payable (Note 6)	**$ 1,936**	$ 1,701
Accrued liabilities (Note 6)	**2,471**	2,088
Contract liabilities, current	**512**	443
Current portion of long-term debt	**191**	237
Total current liabilities	**5,110**	4,469
Long-term debt	**10,036**	82
Future pension and post-retirement obligations	**524**	456
Future income tax obligations (Note 6 and Note 19)	**479**	1,099
Operating lease liabilities	**642**	682
Other long-term liabilities (Note 6)	**1,724**	1,183
Total Liabilities	**18,515**	7,971
Commitments and contingent liabilities (Note 25)		
Equity		
UTC Net investment	**—**	15,355
Common stock, par value $0.01; 4,000,000,000 shares authorized; 867,829,119 shares issued and outstanding as of December 31, 2020	**9**	—
Additional paid-in capital	**5,345**	—
Retained earnings	**1,643**	—
Accumulated other comprehensive loss	**(745)**	(1,253)
Non-controlling interest	**326**	333
Total Equity	**6,578**	14,435
Total Liabilities and Equity	**$ 25,093**	$ 22,406

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes In Equity

(DOLLARS IN MILLIONS)	UTC Net Investment	Accumulated Other Comprehensive (Loss) Income	Common Stock	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity
Balance at January 1, 2018	$ 15,030	$ (617)	$ —	$ —	$ —	$ 371	$ 14,784
Net income	2,734	—	—	—	—	35	2,769
Other comprehensive loss, net of tax	—	(598)	—	—	—	(8)	(606)
Dividends attributable to non-controlling interest	—	—	—	—	—	(46)	(46)
Net transfers to UTC	(2,641)	—	—	—	—	—	(2,641)
Adoption impact of ASU 2016-16	9	—	—	—	—	—	9
Balance as of December 31, 2018	15,132	(1,215)	—	—	—	352	14,269
Net income	2,116	—	—	—	—	39	2,155
Other comprehensive loss, net of tax	—	(29)	—	—	—	(4)	(33)
Dividends attributable to non-controlling interest	—	—	—	—	—	(28)	(28)
Disposition of non-controlling interest	—	—	—	—	—	(26)	(26)
Net transfers to UTC	(1,902)	—	—	—	—	—	(1,902)
Adoption impact of ASU 2018-02	9	(9)	—	—	—	—	—
Balance as of December 31, 2019	15,355	(1,253)	—	—	—	333	14,435
Net income	**96**	**—**	**—**	**—**	**1,886**	**24**	**2,006**
Other comprehensive income, net of tax	**—**	**508**	**—**	**—**	**—**	**13**	**521**
Dividends declared on Common Stock ($0.28 per share)	**—**	**—**	**—**	**—**	**(243)**	**—**	**(243)**
Common stock issued under employee plans	**—**	**—**	**—**	**62**	**—**	**—**	**62**
Dividends attributable to non-controlling interest	**—**	**—**	**—**	**—**	**—**	**(48)**	**(48)**
Capital contribution to non-controlling interest	**—**	**—**	**—**	**—**	**—**	**4**	**4**
Adoption impact of ASU 2016-13	**(4)**	**—**	**—**	**—**	**—**	**—**	**(4)**
Net transfers from UTC	**859**	**—**	**—**	**—**	**—**	**—**	**859**
Net transfers to UTC	**(11,014)**	**—**	**—**	**—**	**—**	**—**	**(11,014)**
Reclassification of UTC Net Investment to Common stock and Additional paid-in capital	**(5,292)**	**—**	**9**	**5,283**	**—**	**—**	**—**
Balance as of December 31, 2020	**$ —**	**$ (745)**	**$ 9**	**$ 5,345**	**$ 1,643**	**$ 326**	**$ 6,578**

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	For the Year Ended December 31,		
(DOLLARS IN MILLIONS)	**2020**	2019	2018
Operating Activities			
Net income from operations	**$ 2,006**	$ 2,155	$ 2,769
Adjustments to reconcile net income from operations to net cash flows provided by operating activities, net of acquisitions and dispositions			
Depreciation and amortization	**336**	335	357
Deferred income tax provision	**97**	(122)	133
Equity compensation cost	**77**	52	44
Equity method investment net earnings	**(207)**	(236)	(220)
Distributions from equity method investments	**169**	158	143
Impairment charge on minority-owned joint venture investments	**72**	108	—
Gains on sale of investments and businesses	**(1,123)**	—	(799)
Changes in operating assets and liabilities			
Accounts receivable, net	**49**	(129)	(211)
Contract assets, current	**(9)**	23	(67)
Inventories, net	**(240)**	(2)	(151)
Other assets, current	**3**	62	(7)
Accounts payable and accrued liabilities	**237**	(296)	88
Contract liabilities, current	**46**	(18)	24
Defined benefit plan contributions	**(41)**	(36)	(45)
Other operating activities, net	**220**	9	(3)
Net cash flows provided by operating activities	**1,692**	2,063	2,055
Investing Activities			
Capital expenditures	**(312)**	(243)	(263)
Proceeds on sale of investments and businesses	**1,377**	6	1,032
Investment in businesses, net of cash acquired	**—**	—	(310)
Receipt from settlement of derivative contracts	**40**	—	—
Other investing activities, net	**1**	(22)	(44)
Net cash flows provided by (used in) investing activities	**1,106**	(259)	415
Financing Activities			
(Decrease) increase in short-term borrowings, net	**(23)**	25	3
Issuance of long-term debt	**11,784**	107	117
Repayment of long-term debt	**(1,911)**	(138)	—
Dividends paid on common stock	**(138)**	—	—
Dividends paid to non-controlling interest	**(48)**	(28)	(46)
Net transfers to UTC	**(10,359)**	(1,954)	(2,685)
Other financing activities, net	**14**	6	(16)
Net cash flows used in financing activities	**(681)**	(1,982)	(2,627)
Effect of foreign exchange rate changes on cash and cash equivalents	**45**	1	(39)
Net increase (decrease) in cash and cash equivalents and restricted cash	**2,162**	(177)	(196)
Cash, cash equivalents and restricted cash, beginning of period	**957**	1,134	1,330
Cash, cash equivalents and restricted cash, end of period	**3,119**	957	1,134
Less: restricted cash	**4**	5	5
Cash and cash equivalents, end of period	**$ 3,115**	$ 952	$ 1,129

The accompanying notes are an integral part of the Consolidated Financial Statements.

Note 1: Description Of The Business

Carrier Global Corporation is a leading global provider of HVAC, refrigeration, and fire and security solutions. Carrier also provides a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring.

Carrier's operations are classified into three segments: HVAC, Refrigeration and Fire & Security. The HVAC and Refrigeration segments sell their products and solutions directly, including to building contractors and owners, transportation companies and retail stores, or indirectly through joint venture and other minority-owned investments, independent sales representatives, distributors, wholesalers, dealers and retail outlets. These products and services are sold under the Carrier name and other brand names including Automated Logic, BluEdge, Bryant, CIAT, Day & Night, Heil, NORESCO, Riello, Carrier Commercial Refrigeration, Carrier Transicold, Sensitech and others. The Fire & Security segment sells their products directly to customers, or indirectly through manufacturers' representatives, distributors, dealers, value-added resellers and retailers. Fire & Security's products and services are used by governments, financial institutions, architects, building owners and developers, security and fire consultants, homeowners and other end-users requiring a high level of security and fire protection for their businesses and residences. These products and services are sold under brand names including Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Kidde, LenelS2, Marioff, Onity, Supra and others.

The Separation

On November 26, 2018, UTC announced its intention to spin off Carrier, into a separate, publicly traded company. Carrier was incorporated in Delaware on March 19, 2019, as a wholly-owned subsidiary of UTC. On April 3, 2020, UTC completed the Separation through a pro rata distribution on a one-for-one basis of all of the outstanding common stock of the Company to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the Distribution. UTC distributed 866,158,910 shares of Carrier common stock in the Distribution, which was effective at 12:01 a.m., Eastern Time, on April 3, 2020. As a result of the Distribution, Carrier became an independent public company and our common stock is listed under the symbol "CARR" on the NYSE. In connection with the Separation, Carrier issued an aggregate principal balance of $11.0 billion of debt and transferred approximately $10.9 billion of cash to UTC on February 27, 2020 and March 27, 2020. On April 1, 2020 and April 2, 2020, Carrier received cash contributions totaling $590 million from UTC related to the Separation. See Note 12 – *Borrowings and Lines of Credit* and Note 4 – *Earnings Per Share* for additional information.

In connection with the Separation and the Distribution, Carrier entered into several agreements with UTC and Otis, including a separation and distribution agreement that sets forth certain agreements with UTC and Otis regarding the principal actions to be taken in connection with the Separation and the Distribution, including identifying the assets transferred, the liabilities assumed and the contracts transferred to each of UTC, Otis and Carrier as part of the Separation and the Distribution, and when and how these transfers and assumptions occurred. Other agreements we entered into that govern aspects of our relationship with UTC and Otis following the Separation and the Distribution include:

Transition Services Agreement. We entered into the TSA with UTC and Otis in connection with the Separation pursuant to which UTC provides us with certain services and we provide certain services to UTC for a limited time to help ensure an orderly transition following the Separation and the Distribution. The services we receive include, but are not limited to, information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services. The costs for these services historically were included in our operating results based on allocations from UTC and for the year ended December 31, 2020 were not materially different under the TSA from such costs historically. We do not expect any such costs to be materially different when these services are completely transitioned from UTC to Carrier.

Tax Matters Agreement. We entered into the TMA with UTC and Otis that governs the parties' respective rights, responsibilities and obligations with respect to tax matters (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters). Subject to certain exceptions set forth in the TMA, Carrier generally is responsible for federal, state and foreign taxes imposed on a separate return basis upon Carrier (or any of our subsidiaries) with respect to taxable periods (or portions thereof) that ended on or prior to the date of the Distribution. The TMA provides special rules that allocate responsibility for tax liabilities arising from a failure of the Separation transactions to qualify for tax-free treatment based on the reasons for such failure. The TMA also imposes restrictions on each of Carrier and Otis during the two-year period following the Distribution that are intended to prevent certain transactions from failing to qualify as transactions that are generally tax-free.

Employee Matters Agreement and Intellectual Property Agreement. We entered into an employee matters agreement and intellectual property agreement with UTC and Otis in connection with the Separation.

Impact of the COVID-19 Pandemic

COVID-19 surfaced in late 2019 and has spread throughout the world. In March 2020, COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. Government. The pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, resulted in significant travel restrictions, mandated facility closures and resulted in shelter-in-place orders.

Carrier has taken and continues to take all prudent measures to protect the health and safety of our employees. In particular, we have implemented work-from-home requirements (where practical), social distancing and deep cleaning protocols at all of our facilities

as well as travel restrictions, among other measures, which comply with applicable government regulations and guidance. We have also taken appropriate measures to work with our customers to minimize potential disruptions and to support the communities that we serve to address the challenges posed by the pandemic.

The full extent of the impact of COVID-19 on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic as well as any worsening or additional outbreaks of the pandemic, related containment and mitigation actions taken by the U.S. federal, state and local and international governments to prevent disease spread and the rollout of vaccines in the U.S. and internationally, including the effectiveness of such vaccines in preventing COVID-19 and the time it takes to vaccinate a sufficient percentage of the U.S. and global populations. The extent of the pandemic's impact on Carrier will also depend upon our employees' ability to work safely in our facilities and to be granted access to vaccines (including the time it takes for our employees to be vaccinated), our customers' ability to continue to operate or to receive our products, our suppliers' ability to continue to supply us with products, and the level of activity and demand for the ultimate products and services of our customers or their customers.

In early 2020, we temporarily closed or reduced production at manufacturing facilities in North America, Asia and Europe for safety reasons and in response to lower demand for our products. Our manufacturing operations have since resumed, measures have been enacted to scale capacity to demand and we continue to actively take steps to mitigate supply chain risk. We continue to apply appropriate safety measures and have not experienced any significant disruptions to our manufacturing operations. We also initiated return-to-work protocols at our non-manufacturing facilities where employees were previously working remotely.

We took preemptive actions in 2020 to preserve our liquidity and manage our cash flows to ensure we met our liquidity needs. Such actions included, but were not limited to, modifying the financial covenants in our revolving and term loan credit agreements and issuing $750 million of 2.700% Notes due 2031 (see Note 12 – *Borrowings and Lines of Credit* for additional information), reducing our discretionary spending, our capital investments and general and administrative costs by implementing pay freezes and cuts, employee furloughs and the suspension of non-critical hiring and participating in global COVID-19 relief measures.

Note 2: Basis Of Presentation

The Consolidated Financial Statements have been prepared in accordance with GAAP and the accounting rules under Regulation S-X, as promulgated by the SEC.

The Consolidated Financial Statements include the accounts of the Company and our wholly-owned and controlled majority-owned subsidiaries. All intra-company accounts and transactions have been eliminated. Related party transactions between the Company and our equity method investees have not been eliminated. Non-controlling interest represents the non-controlling investors' interests in the results of subsidiaries that we control and consolidate.

The Company's financial statements for periods prior to the Separation and the Distribution are prepared on a "carve-out" basis, as described subsequently. The Company's financial statements for the period commencing April 3, 2020 are consolidated based on the reported results of Carrier as a stand-alone company.

Certain immaterial amounts presented have been reclassified to conform to the current period presentation, including the reclassification of the Current portion of long-term debt from Accrued liabilities and the reclassification of long-term debt from Other long-term liabilities for 2019 on the Consolidated Balance Sheet.

Basis of Presentation Prior to the Separation and the Distribution

Prior to the Separation and the Distribution, the Consolidated Financial Statements reflect the financial position, results of operations and cash flows of the Company for the periods presented as historically managed within UTC. For those periods prior to the Separation and the Distribution, the Consolidated Financial Statements are derived from the consolidated financial statements and accounting records of UTC.

The Consolidated Statement of Operations includes all revenues and costs directly attributable to Carrier, including costs for facilities, functions and services used by Carrier. Costs for certain functions and services performed by UTC were directly charged to Carrier based on specific identification when possible or based on a reasonable allocation driver such as net sales, headcount, proportionate usage or other allocation methods. The results of operations include allocations of costs for administrative functions and services performed on behalf of Carrier by centralized groups within UTC and certain pension and other post-retirement benefit costs. See Note 6 – *Equity Method Investments and Related Parties* for a description of the allocation methodologies. All charges and allocations for facilities, functions and services performed by UTC have been deemed settled in cash by Carrier to UTC in the period in which the cost was recorded in the Consolidated Statement of Operations.

UTC used a centralized approach to cash management and financing its operations. Accordingly, none of the cash, third-party debt or related interest expense of UTC has been allocated to Carrier in the Consolidated Financial Statements for the periods prior to the Separation and the Distribution. However, cash balances primarily associated with certain foreign entities that did not participate in UTC's cash management program have been included in the Consolidated Financial Statements for periods prior to the Separation and the Distribution. Transactions between UTC and Carrier were deemed settled immediately through UTC's Net investment, other than those transactions which have historically been cash-settled and which are reflected in the Consolidated Balance Sheet within Accounts receivable, net and Accounts payable. The net effect of the deemed settled transactions is reflected in the Consolidated Statement of Cash Flows as Net transfers to UTC within financing activities and in the Consolidated Balance Sheet as UTC's Net investment. See Note 6 – *Equity Method Investments and Related Parties* for additional information.

All of the allocations and estimates in the Consolidated Financial Statements are based on assumptions that management believes are reasonable. However, for the periods prior to the Separation and the Distribution, the Consolidated Financial Statements included herein may not be indicative of the financial position, results of operations and cash flows of the Company in the future, or if the Company had been a separate, stand-alone entity during the periods presented.

Note 3: Summary Of Significant Accounting Policies

Principles of Consolidation. The Consolidated Financial Statements have been prepared on a stand-alone basis and include the accounts of Carrier and our wholly-owned subsidiaries, as well as entities in which Carrier has a controlling financial interest.

Use of Estimates. The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions may impact the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents include cash on hand, demand deposits and short-term cash investments that are highly liquid in nature and have original maturities of three months or less. Prior to the Separation and the Distribution, the Company participated in UTC's centralized cash management and financing programs. See Note 6 – *Equity Method Investments and Related Parties* for additional information.

On occasion, the Company is required to maintain restricted cash deposits with certain banks due to contractual or other legal obligations. Restricted cash of $4 million and $4 million is included in Other assets, current as of December 31, 2020 and 2019, respectively, and $1 million is included in Other assets as of December 31, 2019, on the Consolidated Balance Sheet.

Accounts Receivable. Accounts receivable consist of billed amounts to customers that have not been paid.

Receivables are recognized net of an allowance for credit losses. The Company is exposed to credit losses primarily through the sales of products and services to commercial customers, which are recorded as trade receivables. We evaluate a customer's ability to pay by assessing creditworthiness, historical experience and current and projected economic and market conditions. We determine credit ratings for each customer in our portfolio based upon public information and information obtained directly from our customers. We evaluate the reasonableness of the allowance for credit losses on a quarterly basis or when events and circumstances warrant. In addition to credit quality indicators, factors considered in our evaluation of collectability include the underlying value of any collateral or security interests, past due balances, historical losses and existing economic conditions including country and political risk. In certain circumstances, we may require collateral or prepayment to mitigate credit risk. We determine receivables are impaired when, based on historical experience, current information and events and a reasonable forecast period, we may be unable to collect amounts due according to the contractual terms of an agreement. Estimated credit losses are written off in the period in which an accounts receivable is determined to be no longer collectible.

Contract Assets and Liabilities. Contract assets and liabilities represent the difference in the timing of revenue recognition from receipt of cash from our customers. Contract assets (unbilled receivables) reflect revenue recognized and performance obligations satisfied in advance of customer billing. Performance obligations partially satisfied in advance of customer billings are included in Contract assets.

Contract liabilities relate to payments received in advance of the satisfaction of performance obligations under a contract. The Company receives payments from customers based on contractual terms. See Note 5 – *Revenue Recognition* for additional information.

Inventories. Inventories are stated at the lower of cost or estimated realizable value. Cost is primarily determined based on the first-in, first-out inventory method ("FIFO") or average cost methods, which approximates current replacement cost; however, certain Carrier entities use the last-in, first-out inventory method ("LIFO"). If inventories that were valued using the LIFO method had been valued under the FIFO method, the net book value of the inventories would have been higher by $118 million and $120 million as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, approximately 33% and 32%, respectively, of all inventory utilized the LIFO method.

We forecast future customer demand and production requirements and analyze historical usage rates for our products to estimate excess and obsolete inventory reserves.

Financial Instruments. We use derivative financial instruments in the form of foreign currency forward contracts to manage certain foreign currency risk. Derivative financial instruments are recognized as either assets or liabilities at fair value and changes in fair value are reported directly in earnings. Derivative instruments are not used for trading or speculative purposes. A portion of our Cash and cash equivalents is invested in money market mutual funds with original maturities of three months or less.

Fair Value of Financial Instruments. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I – Quoted prices for identical instruments in active markets.
- Level II – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III – Instruments whose significant value drivers are unobservable.

The carrying amount of accounts receivable, accounts payable and accrued liabilities approximates fair value due to the short maturity (less than one year) of the instruments.

Equity Method Investments. Investments in which Carrier has the ability to exercise significant influence, but does not control, are accounted for under the equity method of accounting and are presented on the Consolidated Balance Sheet. Under this method of accounting, the Company's share of the net earnings or losses of the investee is presented within Operating profit on the Consolidated Statement of Operations since the activities of the investee are closely aligned with the operations of the Company. The Company evaluates our equity method investments whenever events or changes in circumstance indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period. Distributions received from equity method investees are presented in the Consolidated Statement of Cash Flows based on the cumulative earnings approach.

Goodwill and Intangible Assets. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill and intangible assets deemed to have indefinite lives are not amortized.

Intangible assets consist of trademarks, patents, service contracts, monitoring lines and customer relationships and are recognized at fair value in acquisition accounting and then amortized to cost of sales and selling, general and administrative expenses.

Goodwill and indefinite-lived intangible assets are tested annually for impairment, or when a triggering event occurs that indicates the fair value of a reporting unit or asset may have decreased below the carrying value in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350: *Intangibles – Goodwill and Other*. The impairment assessment compares the estimated fair value of each reporting unit or indefinite-lived trademark to its associated carrying value. If the carrying value of the reporting unit or trademark exceeds its estimated fair value, then we record an impairment based on the difference between fair value and carrying value. In the case of reporting units, any impairment loss would not exceed the associated carrying value of goodwill.

We performed our annual impairment assessment of goodwill and indefinite-lived trademarks as of July 1, 2020. For our goodwill impairment analysis, we utilize a discounted cash flow method under the income approach to estimate the fair value of our reporting units. The discounted cash flow method relies on estimates of future cash flows and expressly addressed factors such as timing, growth and margins, with consideration given to forecasting risk. We developed these assumptions based on market and geographic risks unique to each reporting unit. The significant assumptions inherent in estimating the fair values include estimated future annual net cash flows for each reporting unit (based on projected net sales, projected operating margins, working capital and capital expenditures), income tax rates, long-term growth rates and discount rates. For our indefinite-lived assets, fair value is determined on a relief from royalty methodology, which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning an asset. Additionally, as part of our annual impairment testing in 2020, we considered the impact of the adverse effects of COVID-19 on the global economy and on our business.

Useful lives of finite-lived intangible assets are estimated based upon the nature of the intangible asset. These intangible assets are amortized based on the pattern in which the economic benefits of the intangible assets are consumed. If a pattern of economic benefit cannot be reliably determined or if straight-line amortization approximates the pattern of economic benefit, a straight-line amortization method may be used.

See Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* for additional information.

Leases. We account for leases in accordance with ASC Topic 842: *Leases*, which requires a lessee to utilize the right-of-use model and to record a right-of-use asset and a lease liability on the Consolidated Balance Sheet for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the Consolidated Statement of Operations. In addition, a lessor is required to classify leases as either sales-type, financing or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor does not convey risk and rewards or control, the lease is treated as operating.

We enter into operating and finance leases for the use of real estate space, vehicles, information technology equipment and certain other equipment. We determine if an arrangement contains a lease at the inception of an agreement. Operating leases are included in Operating lease right-of-use assets, Accrued liabilities and Operating lease liabilities in our Consolidated Balance Sheet. Finance leases are included in the Current portion of long-term debt and Long-term debt in our Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term. Lease right-of-use assets and liabilities at commencement are initially measured at the present value of lease payments over the lease term. We generally use our incremental borrowing rate based on the information available at commencement to determine the present value of lease payments except when an implicit interest rate is readily determinable. We determine our incremental borrowing rate based on market sources including relevant industry data. Our lease right-of-use assets include any lease prepayment and exclude lease incentives. Our leases generally have remaining lease terms of 1 to 20 years, some of which include options to extend. For the majority of our leases with options to extend, those options are up to 5 years with the ability to terminate the lease within 1 to 5 years of inception. The exercise of lease renewal options is at our sole discretion and our

lease right-of-use assets and liabilities reflect only the options we are reasonably certain that we will exercise. Operating lease expense is recognized on a straight-line basis over the lease term.

Other Long-Lived Assets. The Company evaluates the potential impairment of other long-lived assets whenever events or changes in circumstances indicate that the related carrying amounts of a long-lived asset or asset group may not be recoverable. The carrying value of a long-lived asset or asset group is considered impaired when the projected future undiscounted cash flows to be generated from the asset or asset group over its remaining depreciable life are less than its current carrying value. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset or asset group. There were no significant impairments of long-lived assets for the years ended December 31, 2020, 2019 or 2018.

Income Taxes. Prior to the Separation and the Distribution, income taxes as presented in the Consolidated Financial Statements of the Company attribute current and deferred income taxes of UTC to the Company's financial statements in a manner that is systematic, rational and consistent with the asset and liability method prescribed by FASB ASC Topic 740: *Income Taxes*. Accordingly, Carrier's income tax provision was prepared following the separate return method prior to the Separation and the Distribution. The separate return method applies ASC 740 to the financial statements of each member of the consolidated group as if the group members were separate taxpayers. The calculation of our income taxes on a separate return basis requires a considerable amount of judgment and use of both estimates and allocations. As a result, actual transactions included in the consolidated financial statements of UTC may not be included in Carrier's Consolidated Financial Statements. Similarly, the tax treatment of certain items reflected in Carrier's Consolidated Financial Statements may not be reflected in the consolidated financial statements and tax returns of UTC. Therefore, such items as net operating losses, tax credit carry-forwards and valuation allowances may exist in Carrier's financial statements that may or may not exist in UTC's consolidated financial statements. As such, the income taxes of the Company as presented in the Consolidated Financial Statements before the Separation and the Distribution may not be indicative of the income taxes that the Company will generate in the future.

Prior to the Separation and the Distribution, certain operations of the Company have historically been included in a consolidated return with other UTC entities. Current obligations for taxes in certain jurisdictions, where the Company files a consolidated tax return with UTC, were deemed settled with UTC for purposes of the Consolidated Financial Statements. Current tax obligations in jurisdictions where the Company does not file a consolidated return with UTC, including certain foreign jurisdictions and certain U.S. states, are recorded as accrued liabilities.

After the Separation and the Distribution, the Company's income taxes were accounted for on a stand-alone basis. As a result, our deferred tax balances and effective tax rate as a stand-alone entity are significantly different from those recognized historically for periods prior to the Separation and the Distribution. Carrier will file our own consolidated U.S. federal and state income tax returns for the period subsequent to the Separation and the Distribution, April 3, 2020 through December 31, 2020, and any required filings for non-U.S. jurisdictions based on the applicable tax year in each jurisdiction. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Consolidated Financial Statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Changes in existing tax laws and rates, their related interpretations, and the uncertainty generated by the current economic environment may affect the amounts of deferred tax liabilities or the valuations of deferred tax assets over time. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event that we determine that we would be able to realize our deferred income tax assets in the future in excess of the net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which impacts the provision for income taxes.

In the ordinary course of business, there is inherent uncertainty in quantifying income tax positions. The Company assesses our income tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, Carrier has recorded the amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit has been recognized. Where applicable, associated interest expense has also been recognized. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense. Penalties, if incurred, would be recognized as a component of income tax expense. See Note 19 – *Income Taxes* for further information.

The TCJA subjects Carrier to a tax on global intangible low-taxed income ("GILTI"). GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations which the Company has elected to account for as a period cost.

Revenue Recognition. The Company accounts for revenue in accordance with FASB ASC Topic 606: *Revenue from Contracts with Customers*. Under Topic 606, a performance obligation is a

promise in a contract to transfer a distinct good or service to a customer. Some of our contracts with customers contain a single performance obligation, while others contain multiple performance obligations most commonly when a contract spans multiple phases of a product life-cycle such as production, installation, maintenance and support. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. When there are multiple performance obligations within a contract, the Company allocates the transaction price to each performance obligation based on our relative stand-alone selling price.

Carrier considers the contractual consideration payable by the customer and assesses variable consideration that may affect the total transaction price, including contractual discounts, price concessions, contract incentive payments, estimates of award fees and other sources of variable consideration, when determining the transaction price of each contract. The Company includes variable consideration in the estimated transaction price when there is a basis to reasonably estimate the amount. These estimates are based on historical experience, anticipated performance and management's judgment. The Company also considers whether the contracts provide customers with significant financing. Generally, contracts do not contain significant financing.

Point in time revenue recognition. Performance obligations are satisfied as of a point in time for certain businesses in HVAC, certain refrigeration systems and certain alarm and fire detection and suppression systems. Revenue is recognized when control of the product transfers to the customer, generally upon product shipment.

Over-time revenue recognition. Performance obligations are satisfied over-time if the customer receives the benefits as the Company performs work, if the customer controls the asset as it is being produced or if the product being produced for the customer has no alternative use and the Company has a contractual right to payment. Carrier recognizes revenue on an over-time basis on installation and service contracts related to our Refrigeration and Fire & Security businesses as well as certain businesses within HVAC. For over-time performance obligations requiring the installation of equipment, revenue is recognized using costs incurred to date relative to total estimated costs at completion to measure progress. Incurred costs represent work performed, which correspond with and best depict transfer of control to the customer. Contract costs include labor, materials and subcontractors' costs, or other direct costs, and where applicable, indirect costs.

Contract modifications that are for goods or services that are not distinct are accounted for as part of an existing contract. If the goods or services are considered distinct, then a contract modification would be accounted for prospectively or as part of a new contract. The Company reviews cost estimates on significant contracts on at least a quarterly basis, and for other contracts, no less frequently than annually or when circumstances change and warrant a modification to a previous estimate. The Company records changes in contract estimates using the cumulative catch-up method. There were no material changes in contract estimates during the periods presented in the Consolidated Financial Statements.

Loss provisions on contracts are recognized to the extent that estimated contract costs exceed the estimated consideration under the contractual arrangement. For new commitments, the Company generally records loss provisions at the earlier of contract announcement or contract signing except for certain requirements contracts under which losses are recorded upon receipt of the purchase order which obligates us to perform. For existing commitments, anticipated losses on contracts are recognized in the period in which losses become evident. Products contemplated under contractual arrangements include firm quantities of products sold under contract.

Cash Payments to Customers. Carrier customarily offers our customers incentives to purchase products to ensure an adequate supply of our products in distribution channels. The principal incentive programs provide reimbursements to distributors for offering promotional pricing for products. The Company accounts for estimated incentive payments as a reduction in sales at the time a sale is recognized.

Self-Insurance. The Company maintains self-insurance retentions for a number of risks, including but not limited to, workers' compensation, general liability, automobile liability, property and employee-related healthcare benefits. It has obtained insurance coverage for amounts exceeding individual and aggregate loss limits. The Company accrues for known future claims and incurred but not reported losses. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

Environmental. Environmental investigatory, remediation, operating and maintenance costs are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to individual sites, including the technology required to remediate, current laws and regulations and prior remediation experience. Where no amount within a range of estimates is more likely, the minimum is accrued. For sites with multiple responsible parties, the Company considers our likely proportionate share of the anticipated remediation costs and the ability of other parties to fulfill their obligations in establishing a provision for those costs. Environmental liabilities are undiscounted. Accrued environmental liabilities are not reduced by potential insurance reimbursements. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

Asbestos Related Liabilities and Insurance Recoveries. The Company records an undiscounted liability for any asbestos related contingency that is probable of occurrence and reasonably estimable. In connection with the recognition of liabilities for asbestos related matters, the Company records asbestos related insurance recoveries that are deemed probable. The amounts recorded by Carrier for asbestos-related liabilities and insurance recoveries are based on currently available information and assumptions that management believes are reasonable. Carrier's actual liabilities or insurance recoveries could be higher or lower than those recorded if actual results vary significantly from our assumptions. The key assumptions include the number and type of new claims expected to be filed each year, the outcomes or resolution of such claims,

the average cost of resolution of each new claim, the amount of insurance available, allocation methodologies, the contractual terms with each insurer with whom the Company has reached settlements, the resolution of coverage issues with other excess insurance carriers with whom the Company has not yet achieved settlements and the solvency risk with respect to Carrier's insurance carriers. Other factors that may affect future liability include uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, legal rulings that may be made by state and federal courts and the passage of state or federal legislation. Legal fees incurred to defend asbestos-related legal claims are expensed when incurred. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

Asset Retirement Obligations. The Company records the fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which a liability is determined to exist, if a reasonable estimate of fair value can be made. Upon initial recognition of a liability, the Company capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is increased for changes in its present value and the capitalized cost is depreciated over the useful life of the related asset. As of December 31, 2020 and 2019, the outstanding liability for asset retirement obligations was $76 million and $74 million, respectively, which is included in Other long-term liabilities in the Consolidated Balance Sheet.

Foreign Exchange. The Company operates in many countries and transacts in various foreign currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the Company are measured using the local currency as the functional currency. Foreign currency denominated assets and liabilities are translated into U.S. dollars at the exchange rates existing at the respective balance sheet dates, and income and expense items are translated at the average exchange rates during the respective periods.

Pension and Post-retirement Obligations. Guidance under FASB ASC Topic 715: *Compensation – Retirement Benefits* requires balance sheet recognition of the overfunded or underfunded status of pension and post-retirement benefit plans. Actuarial gains and losses, prior service costs or credits and any remaining transition assets or obligations that have not previously been recognized must be recognized in other comprehensive income, net of tax effects, until they are amortized as a component of net periodic benefit cost. Pension and post-retirement obligation balances and related costs reflected within the Consolidated Financial Statements include both costs directly attributable to plans dedicated to Carrier, as well as an allocation of costs for Carrier employees' participation in UTC's plans for periods prior to the Separation and the Distribution. See Note 13 – *Employee Benefit Plans* for further information.

Product Performance Obligations. The Company extends performance and operating cost guarantees beyond normal service and warranty policies for extended periods on some of the Company's products. The liabilities under such guarantees are based upon future product performance and durability and the Company records such costs that are probable and can be reasonably estimated within Cost of products sold. Separately priced extended warranties are recorded within contract liabilities. In addition, the Company incurs costs to service our products in connection with product performance issues. The costs associated with these product performance and operating cost guarantees require estimates over the term of an agreement and require management to consider factors such as the extent of future maintenance requirements and the future cost of material and labor to perform the services. These cost estimates are largely based upon historical experience. See Note 23 – *Guarantees* for additional information.

Carrier accrues for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. In accordance with FASB ASC Topic 460-10: *Guarantees*, the Company records these liabilities at fair value.

Research and Development. Research and development costs are charged to expense as incurred. Research and development costs were $419 million, $401 million and $400 million, which represented 2.4%, 2.2% and 2.1% of net sales, for the years ended December 31, 2020, 2019 and 2018, respectively.

UTC Net Investment. UTC's net investment in the Company is presented as "UTC Net investment" on the Consolidated Balance Sheet for periods prior to the Separation and the Distribution. The Consolidated Statement of Changes in Equity includes net cash transfers and other property transfers between UTC and the Company as well as related party receivables and payables between the Company and other UTC affiliates that were settled on a current basis. Prior to the Separation and the Distribution, UTC performed cash management and other treasury-related functions on a centralized basis for nearly all of its legal entities including the Company and, consequently, the net cash generated by the Company was transferred to UTC through inter-company accounts.

Recent Pronouncements

Recently Adopted Accounting Pronouncements and SEC Rules

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* requiring recognition of operating leases as right-of-use assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. We adopted ASU 2016-02 and its related amendments (collectively, the "New Lease Accounting Standard") effective January 1, 2019, and elected the modified retrospective approach in which results for periods before 2019 were not adjusted for the new standard and the cumulative effect of the change in accounting was recognized through retained earnings at the date of adoption. We have elected certain of the practical expedients available under the New Lease Accounting Standard including the practical expedient which allows prospective transition to the New Lease Accounting Standard on January 1, 2019. Under the transition practical expedient, we did not reassess lease classification, embedded leases or initial direct costs. We have applied the practical expedient for short-term leases, whereby

a lease right-of-use asset and liability is not recognized and the expense is recognized on a straight-line basis over the lease term. In addition, we have lease agreements with lease and non-lease components, for which we have elected the practical expedients to combine these components for certain equipment leases. Additionally, for certain equipment leases, we apply a portfolio approach to effectively account for the operating lease right-of-use assets and liabilities. The adoption of the New Lease Accounting Standard did not have a material effect on our Consolidated Statement of Operations or Consolidated Statement of Cash Flows. Upon adoption, we recorded an $894 million right-of-use asset and a $901 million lease liability. The adoption of the New Lease Accounting Standard did not have a material impact on UTC Net Investment. See Note 22 – *Leases* for further information.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This ASU and its related amendments (collectively, the "Credit Loss Standard") modified the credit loss model to utilize an expected loss methodology in place of an incurred loss methodology for financial instruments, including trade receivables, contract assets, long term receivables and off-balance sheet credit exposures. The Credit Loss Standard requires consideration of a broader range of information to estimate expected credit losses, including historical information, current conditions and a reasonable forecast period. This ASU requires that the statement of operations reflect the measurement of credit losses for newly recognized financial assets as well as an expected increase or decrease of expected credit losses that have taken place during the period, which may result in earlier recognition. The Company adopted the Credit Loss Standard effective January 1, 2020, utilizing a modified retrospective approach and its adoption did not have a material impact on the Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory.* This ASU requires the income tax consequences of an intra-entity transfer of an asset, other than inventory, to be recognized when the transfer occurs. Two common examples of assets included in the scope of this update are intellectual property and property, plant and equipment. Carrier adopted the new standard effective January 1, 2018. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* This ASU simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Under this ASU, a goodwill impairment is calculated as the difference between the carrying amount of a reporting unit and its fair value, not to exceed the carrying amount of the goodwill allocated to a reporting unit. Additionally, this ASU requires the same impairment testing methodology for all reporting units, even those with a zero or negative carrying amount, and requires an entity to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount. The Company adopted this ASU effective January 1, 2020 and its adoption did not have a material impact on the Consolidated Financial Statements.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220).* The ASU allows companies to reclassify to retained earnings the stranded tax effects in accumulated other comprehensive income ("AOCI") from the then newly-enacted TCJA. The Company adopted this ASU effective January 1, 2019 and elected to reclassify the income tax effects of TCJA from AOCI to UTC Net investment, which did not have a material impact on the Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement.* This ASU removes the disclosure requirements for the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. The Company adopted this ASU on January 1, 2020. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans.* The new standard includes updates to the disclosure requirements for defined benefit plans including several additions, deletions and modifications to the disclosure requirements. The Company adopted this ASU on December 31, 2020. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract.* The new standard provides updated guidance surrounding implementation costs associated with cloud computing arrangements that are service contracts. The Company adopted this ASU on January 1, 2020. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In August 2020, the SEC issued Final Rule Release No. 33-10825, which amends certain disclosure requirements required by Regulation S-K relating to the description of business (Item 101), legal proceedings (Item 103) and risk factors (Item 105). The amendments to Item 101 will, among other things, allow the Company to provide updates regarding the business based on materiality, if it incorporates by reference disclosure from a previous SEC filing. The amendment also requires disclosures regarding the registrant's human capital resources to the extent such disclosures would be material to an understanding of the registrant's business. The amendments to Item 103, among other things, increase the quantitative threshold for disclosing certain environmental proceedings, and the amendments to Item 105, among other things, require a risk factors summary if the risk factors section is longer than 15 pages. The Company adopted these modifications, which were effective on November 9, 2020, and included disclosures

regarding human capital management and a risk factors summary in our Annual Report on Form 10-K for 2020. The adoption of the other amendments did not have a material impact on the Consolidated Financial Statements.

Recently Issued Accounting Pronouncements and SEC Rules

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* The amendments in this update remove certain exceptions allowed by Topic 740 including exceptions to the incremental approach for intra-period tax allocation when there is a loss from continuing operations and income or gain from other items, the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment, the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary and the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. There are also additional areas of guidance in regards to franchise and other taxes partially based on income and the interim recognition of enactment of tax laws and rate changes. The provisions of this ASU are effective for years beginning after December 15, 2020, with early adoption permitted. The Company intends to apply ASU 2019-12 in the first quarter of 2021 and does not anticipate that the adoption will have a material impact on the Company's Consolidated Financial Statements upon adoption.

In May 2020, the SEC issued Final Rule Release No. 33-10786, which amends the financial statement requirements for acquisitions and dispositions of businesses and related pro forma financial information required under SEC Regulation S-X, Rule 3-05. The final rule modifies the significance test required in SEC Regulation S-X, Rule 1-02(w) by raising the significance threshold for reporting dispositions of a business from 10% to 20% and by modifying the calculation of the investment and income tests. In accordance with Rules 3-09 or 4-08(g), the revised income test will apply to the evaluation of equity method investments for significance. The Company is currently evaluating the impact of these modifications, which are effective for fiscal years beginning after December 31, 2020.

In November 2020, the SEC issued Final Rule Release No. 33-10980, which amends the requirements for providing selected quarterly financial data, contractual obligations and management discussion and analysis. The Company will monitor future updates as a result of the new administration in Washington, D.C. and we are currently evaluating the impact of these modifications, which are required after August 9, 2021.

Note 4: Earnings Per Share

On the Distribution Date, 866,158,910 shares of the Company's common stock, par value $0.01 per share, were distributed to UTC shareowners of record as of March 19, 2020. This share amount is utilized for the calculation of basic and diluted earnings per share for all periods presented prior to the Separation and the Distribution and such shares are treated as issued and outstanding for purposes of calculating historical earnings per share. For periods prior to the Separation and the Distribution, it is assumed that there are no dilutive equity instruments as there were no Carrier stock-based awards outstanding prior to the Separation and the Distribution.

For periods subsequent to the Separation and the Distribution, diluted earnings per share is computed by giving effect to all potentially dilutive stock awards that are outstanding. The computation of diluted earnings per share excludes the effect of the potential exercise of stock-based awards, including stock appreciation rights and stock options, when the effect of the potential exercise would be anti-dilutive. The weighted-average number of common shares outstanding for basic and diluted earnings per share for the year ended December 31, 2020 was based on the weighted-average number of common shares outstanding for the period beginning after the Distribution Date. For the year ended December 31, 2020, the number of stock awards excluded from the computation of diluted earnings per share due to their anti-dilutive effect was approximately 0.2 million.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS; SHARES IN MILLIONS)	2020	2019	2018
Net income attributable to common shareowners	**$1,982**	$2,116	$2,734
Basic weighted-average number of shares outstanding	**866.5**	866.2	866.2
Stock awards and equity units (share equivalent)	**13.7**	—	—
Diluted weighted-average number of shares outstanding	**880.2**	866.2	866.2
Earnings Per Share			
Basic	**$ 2.29**	$ 2.44	$ 3.16
Diluted	**$ 2.25**	$ 2.44	$ 3.16

Note 5: Revenue Recognition

Contract Assets and Liabilities. Total contract assets and liabilities are as follows:

(DOLLARS IN MILLIONS)	2020	2019
Contract assets, current	$ 656	$ 622
Contract assets, non-current (included within Other assets)	98	57
Total contract assets	754	679
Contract liabilities, current	(512)	(443)
Contract liabilities, non-current (included within Other long-term liabilities)	(165)	(168)
Total contract liabilities	(677)	(611)
Net contract assets	$ 77	$ 68

Contract assets increased $75 million for the year ended December 31, 2020, primarily due to the timing of billings on customer contracts and contract completions. Contract liabilities increased $66 million for the year ended December 31, 2020, primarily due to customer billings in excess of revenue earned.

For the years ended December 31, 2020 and 2019, we recognized revenue of $320 million and $362 million, respectively, that was related to contract liabilities as of January 1, 2020 and 2019, respectively.

There were no individually significant customers with sales exceeding 10% of total sales for the years ended December 31, 2020, 2019 and 2018.

Remaining Performance Obligations. As of December 31, 2020, our total RPO was approximately $5.4 billion compared with $4.7 billion as of December 31, 2019. Of the total RPO as of December 31, 2020, we expect approximately 71% will be recognized as sales over the following 12 months.

See Note 26 – *Segment Financial Data* which provides incremental disclosures required by ASC Topic 606: *Revenue from Contracts with Customers.*

Note 6: Equity Method Investments And Related Parties

Equity Method Investments

Carrier had 30 directly owned unconsolidated domestic and foreign affiliates as of December 31, 2020 and 2019. Carrier's ownership interests in equity method investments vary among individual investments and range from 20% to 50%. While all three of our segments participate in joint ventures and strategic relationships, 98% of such investments are in our HVAC business.

Summarized financial information for equity method investments is reflected in the following tables:

(DOLLARS IN MILLIONS)	2020	2019
Current assets	$ 3,671	$ 4,324
Non-current assets	2,035	2,058
Total assets	5,706	6,382
Current liabilities	2,223	2,310
Non-current liabilities	298	592
Total liabilities	2,521	2,902
Total net equity of investees	$ 3,185	$ 3,480

(DOLLARS IN MILLIONS)	2020	2019	2018
Net sales	$ 9,299	$ 9,622	$ 9,142
Gross profit	$ 1,722	$ 1,741	$ 1,673
Income from continuing operations	$ 544	$ 578	$ 645
Net income	$ 544	$ 578	$ 645

Carrier sells products to and purchases products from unconsolidated entities accounted for under the equity method, therefore these entities are considered related parties. For the years ended December 31, 2020, 2019 and 2018, Product sales in the Consolidated Statement of Operations included sales to equity method investees of $1.8 billion, $1.8 billion and $1.9 billion, respectively. For the years ended December 31, 2020, 2019 and 2018, Cost of products sold in the Consolidated Statement of Operations included purchases from equity method investees of $292 million, $368 million and $355 million, respectively.

Carrier had receivables from equity method investees of $161 million and $137 million as of December 31, 2020 and 2019, respectively. Carrier also had payables to equity method investees of $38 million and $55 million as of December 31, 2020 and 2019, respectively. The receivables and payables are included in Accounts receivable, net and Accounts payable on the Consolidated Balance Sheet.

The Company periodically reviews the carrying value of our equity method investments to determine if there has been an other-than-temporary decline in fair value. A variety of factors are considered when determining if a decline in carrying value is other-than-temporary, including, among other factors, the financial condition and business prospects of the investee, as well as the Company's intent with regard to the investment. In 2020, we assessed potential impairment indicators related to our equity method investments and determined that indicators of impairment existed for a specific minority owned joint venture investment in the portfolio of our HVAC segment. We performed a valuation of this investment based on the income approach using the discounted cash flow method. We determined that the loss in value was other-than-temporary due to a reduction in sales and earnings that were driven by a deterioration in the oil and gas industry (the joint venture's primary market) and the impact of COVID-19, among other factors. As a result, we recorded an other-than-temporary impairment charge of $71 million on this investment in 2020, which is included in Other income (expense), net on the accompanying Consolidated Statement of Operations.

In 2019, we assessed potential impairment indicators related to our equity method investments and determined that indicators of impairment existed for a specific minority owned joint venture investment in the portfolio. We performed a valuation of this investment and determined that the fair value was less than its carrying value and that the loss was other-than-temporary. As a result, we recorded an other-than-temporary impairment charge of $108 million on this investment in 2019.

In September 2020, the Company sold 9.25 million B shares of Beijer for SEK290 ($32.38) per share equal to approximately 7.9% of the outstanding B shares in Beijer, through an accelerated equity

offering. We received proceeds of approximately $300 million and recognized a pre-tax gain on the sale of $252 million, which is included in Other income (expense), net on the Consolidated Statement of Operations.

Subsequently, in December 2020, the Company sold all of our remaining A and B shares of Beijer for SEK245 ($29.03) per share. We received proceeds of approximately $1.1 billion and recognized a pre-tax gain on the sale of $871 million, which is included in Other income (expense), net on the Consolidated Statement of Operations. Prior to the sale of the Company's remaining shares, Beijer was reported as an equity method investment.

Related Party with UTC

Prior to the Separation and the Distribution, Carrier had been managed and operated in the normal course of business with other affiliates of UTC. Accordingly, certain shared costs had been allocated to the Company and are reflected as expenses in the Consolidated Financial Statements.

Related Party Sales. During the periods prior to the Separation and the Distribution, the Company sold products and services to UTC and its other affiliates. Product sales in the Consolidated Statement of Operations include sales to UTC and affiliates of UTC other than Carrier of $3 million, $23 million and $25 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Allocated Centralized Costs. Prior to the Separation and the Distribution, UTC incurred corporate costs for services provided to the Company and to other UTC businesses. These services included treasury, tax, accounting, human resources, internal audit, legal, purchasing and information technology. The costs associated with these services generally included all payroll and benefit costs as well as related overhead costs. UTC also allocated costs associated with corporate insurance coverage and medical, pension, post-retirement and other health plan costs for employees participating in UTC sponsored plans. UTC corporate costs were either specifically attributed and charged to Carrier, when possible, or allocated to the Company. Allocations were based on direct usage where identifiable and on a number of other utilization measures including headcount, proportionate usage and net sales. All such amounts were deemed incurred and settled by the Company in the period in which the costs were recorded and are included in UTC Net investment.

The allocated centralized costs for the years ended December 31, 2020, 2019 and 2018, were $43 million, $245 million and $277 million, respectively, and are primarily included in Selling, general and administrative in the Consolidated Statement of Operations.

The expense and cost allocations were determined on a basis considered to be a reasonable reflection of the utilization of services provided to or for the benefit received by the Company prior to the Separation and the Distribution. The amounts that would have been incurred on a stand-alone basis could differ from the amounts allocated due to economies of scale, differences in management approach, a need for more or fewer employees or other factors. In addition, the Company's future results of operations, financial position and cash flows could differ materially from the historical results presented herein.

Separation Costs. In connection with the Separation and the Distribution, we have incurred separation-related costs of approximately $141 million and $58 million for the years ended December 31, 2020 and 2019, respectively, primarily recorded in Selling, general and administrative in the Consolidated Statement of Operations, which primarily consist of employee-related costs, costs to establish certain stand-alone functions and information technology systems, professional service fees and other transaction-related costs resulting from Carrier's transition to becoming an independent, publicly traded company. Carrier did not incur costs in connection with the Separation for the year ended December 31, 2018.

Cash Management and Financing. Prior to the Separation and the Distribution, the Company participated in UTC's centralized cash management and financing programs. The cash reflected on the Consolidated Balance Sheet, prior to the Separation and the Distribution, represents cash on hand at certain foreign entities that did not participate in the centralized UTC cash management program and were specifically identifiable to the Company. Cash receipts and disbursements were executed through centralized systems, which were operated by UTC. As cash was received and disbursed by UTC, it was accounted for by the Company through UTC Net investment. The majority of external debt was financed by UTC, and financing decisions for wholly and majority owned subsidiaries were determined by UTC. The Company's cash that was excluded from UTC's centralized cash management and financing programs is classified as Cash and cash equivalents in the Consolidated Balance Sheet as of December 31, 2019.

For the year ended December 31, 2020, net assets of $859 million were contributed to the Company by UTC which primarily consisted of cash of $590 million, deferred tax assets and liabilities and fixed assets. These contributions of net assets are recorded as Net transfers from UTC on the Consolidated Statement of Changes in Equity through UTC Net investment.

Accounts Receivable and Payable. Certain related party transactions between the Company and UTC were included within UTC Net investment in the Consolidated Balance Sheet as of December 31, 2019 when the related party transactions were not settled in cash. As of December 31, 2019, the UTC Net investment includes related party receivables due from UTC and its affiliates of $16.0 billion and related party payables due to UTC and its affiliates of $3.3 billion. As of April 3, 2020, UTC Net investment was reclassified to Common stock and Additional paid-in capital.

Prior to the Separation and the Distribution, interest income and expense related to activity with UTC that were historically included in Carrier's results are presented on a net basis in the Consolidated Statement of Operations. For the years ended December 31, 2019 and 2018 there was $91 million and $110 million, respectively, of interest income from activity with UTC. For the years ended 2019 and 2018, there was $55 million and

$59 million, respectively, of interest expense from activity with UTC. The effect of the settlement of these related party transactions is included in financing activity in the Consolidated Statement of Cash Flows. There was no interest income or expense from activity with UTC for the year ended December 31, 2020.

Additionally, certain transactions between Carrier and our subsidiaries, and UTC and its affiliates, were cash-settled and were reflected in Accounts receivable, net and Accounts payable in the Consolidated Balance Sheet as of December 31, 2019 in the amounts of $6 million and $4 million, respectively. As of December 31, 2020, there were no pre-Separation accounts receivable or accounts payable outstanding with UTC.

Note 7: Accounts Receivable, Net

Accounts receivable, net consisted of the following:

(DOLLARS IN MILLIONS)	2020	2019
Trade receivables	$ 2,567	$ 2,444
Receivables from affiliates	161	143
Other receivables	142	184
Accounts receivable	2,870	2,771
Less: Allowance for expected credit losses	(89)	(45)
Accounts receivable, net	**$ 2,781**	$ 2,726

The changes in the allowance for expected credit losses related to Accounts receivable, net are as follows:

(DOLLARS IN MILLIONS)	
Balance as of January 1, 2018	$152
Provision charged to income	20
Accounts charged off, net of recoveries	(22)
Other	(9)
Balance as of December 31, 2018	141
Provision charged to income	18
Accounts charged off, net of recoveries	(45)
Other [1]	(69)
Balance as of December 31, 2019	45
Current period provision for expected credit losses	40
Accounts charged off, net of recoveries	(7)
Other [2]	11
Balance as of December 31, 2020	**$ 89**

[1] Includes $61 million of the prior year allowance for doubtful accounts reflected as a direct reduction in trade receivables.

[2] Includes impact of adoption of ASU 2016-13.

Note 8: Inventories, Net

(dollars in millions)	2020	2019
Raw materials	$ 363	$ 290
Work-in-process	143	120
Finished goods	1,123	922
Inventories, net	**$1,629**	$ 1,332

Raw materials, work-in-process and finished goods are net of valuation reserves of $183 million and $152 million as of December 31, 2020 and 2019, respectively.

Note 9: Fixed Assets, Net

Fixed assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives.

(DOLLARS IN MILLIONS)	Estimated Useful Lives (Years)	2020	2019
Land		$ 109	$ 113
Buildings and improvements	40	1,160	1,138
Machinery, tools and equipment	3 to 25	2,138	1,924
Rental assets	3 to 12	416	395
Other, including assets under construction		261	188
Fixed assets, gross		4,084	3,758
Accumulated depreciation		(2,274)	(2,095)
Fixed assets, net		**$ 1,810**	$ 1,663

Depreciation expense was $234 million, $219 million and $221 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 10: Business Acquisitions, Dispositions, Goodwill And Intangible Assets

Business Acquisitions and Dispositions. There were no significant acquisitions or divestitures of consolidated businesses for the years ended December 31, 2020 and 2019. During the year ended December 31, 2018, Carrier's investment through acquisition, net of cash acquired was $310 million. This acquisition was not considered material for presentation of pro forma results under ASC 805: *Business Combinations*. Acquisition-related costs have been expensed as incurred and were not material in any of the periods presented.

We completed the sale of Taylor during the year ended December 31, 2018 for $1.0 billion in cash, resulting in a pre-tax gain of $799 million on the sale included in Other income (expense), net on the Consolidated Statement of Operations.

Goodwill. The changes in the carrying amount of goodwill were as follows:

(DOLLARS IN MILLIONS)	HVAC	Refrigeration	Fire & Security	Total
Balance as of January 1, 2019	$ 5,330	$ 1,231	$ 3,288	$ 9,849
Foreign currency translation	21	(3)	17	35
Balance as of December 31, 2019	$ 5,351	$ 1,228	$ 3,305	$ 9,884
Foreign currency translation	**138**	**23**	**94**	**255**
Balance as of December 31, 2020	**$ 5,489**	**$ 1,251**	**$ 3,399**	**$ 10,139**

Intangible Assets, net. Identifiable intangible assets include the following:

		2020		2019	
(DOLLARS IN MILLIONS)	Useful Lives	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortized:					
Customer relationships	1 to 30	**$ 1,558**	**$ (1,285)**	$ 1,479	$ (1,154)
Patents and trademarks	5 to 30	**301**	**(222)**	287	(201)
Monitoring lines	7 to 10	**71**	**(59)**	67	(52)
Service portfolios and other	1 to 23	**644**	**(542)**	629	(506)
		2,574	**(2,108)**	2,462	(1,913)
Unamortized:					
Trademarks and other		**571**	**—**	534	—
Intangible assets, net		**$ 3,145**	**$ (2,108)**	$ 2,996	$ (1,913)

Amortization of intangible assets was $102 million, $116 million and $136 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The estimated future amortization of intangible assets is as follows:

(DOLLARS IN MILLIONS)	2021	2022	2023	2024	2025
Future amortization	$ 94	$ 75	$ 65	$ 57	$ 50

Annual Impairment Assessment. As part of our annual impairment testing, we concluded that the fair value of goodwill exceeded the carrying value for all reporting units, resulting in no goodwill impairment. However, for one reporting unit, with goodwill of $917 million, the excess of fair value over the carrying value was approximately 13%. For this reporting unit, a 100 basis point increase in the discount rate used in the financial forecast would result in an impairment of approximately $84 million. The estimated fair value of the reporting unit may be negatively impacted if future economic conditions are worse than our financial forecast and assumptions or there are substantial reductions in our end markets and volume assumptions relative to our financial forecast.

Based upon the quantitative assessment performed, the fair value of indefinite lived trademarks was determined to exceed the carrying value, resulting in no impairment.

Note 11: Accrued Liabilities

(DOLLARS IN MILLIONS)	2020	2019
Accrued salaries, wages and employee benefits	**$ 634**	$ 516
Accrued taxes	**234**	318
Warranty-related (Note 23)	**191**	200
Accrued interest	**127**	26
Operating leases (Note 22)	**161**	163
Accrued insurance (Note 25)	**164**	173
Accrued restructuring (Note 17)	**47**	66
Accrued common stock dividend	**105**	—
Other	**808**	626
Accrued liabilities	**$ 2,471**	$ 2,088

Note 12: Borrowings And Lines Of Credit

On February 10, 2020, we entered into a revolving credit agreement with various banks permitting aggregate borrowings of up to $2.0 billion pursuant to an unsecured, unsubordinated revolving credit facility that matures on April 3, 2025. The Revolving Credit Facility supports our commercial paper program and cash requirements. A commitment fee of 0.125% is charged on the unused commitments. Borrowings under the Revolving Credit Facility are available in U.S. Dollars, Euros and Pounds Sterling and bear interest at a variable interest rate based on LIBOR plus a ratings-based margin, which was 125 basis points as of December 31, 2020. As of December 31, 2020, there were no borrowings on the Revolving Credit Facility.

On February 10, 2020, we entered into a $1.75 billion term loan credit agreement that provided an unsecured, unsubordinated term loan credit facility which was scheduled to mature on February 10, 2023. In the three months ended December 31, 2020, Carrier prepaid the full $1.75 billion principal amount outstanding under the Term Loan Credit Facility. Borrowings under the Term Loan Credit Facility were subject to a variable interest rate based on LIBOR plus a ratings-based margin, which immediately prior to the repayment date in the three months ended December 31, 2020, was 112.5 basis points. In connection with the full prepayment of the Term Loan Credit Facility, the term loan credit agreement was terminated.

On February 27, 2020, Carrier issued $9.25 billion of unsecured, unsubordinated long-term notes in six series with maturity dates ranging from 2023 through 2050. The long-term fixed rate notes were issued pursuant to an indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee.

On March 27, 2020, Carrier drew $1.75 billion on the Term Loan Credit Facility. The proceeds of the long-term fixed rate notes issued in February 2020 of $9.25 billion and the Term Loan Credit Facility of $1.75 billion were used to distribute $10.9 billion to UTC in connection with the Separation.

The revolving credit agreement and indenture contain affirmative and negative covenants customary for financings of this type, that among other things, limit Carrier and our subsidiaries' ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. On June 2, 2020, the Company entered into an amendment to the revolving credit agreement. Pursuant to the amendment, certain terms of the Revolving Credit Facility were amended for the Covenant Modification Period. The Company may terminate the Covenant Modification Period prior to December 30, 2021 subject to the satisfaction of certain conditions. The amendment defers testing of our consolidated total net leverage ratio financial covenant until June 30, 2021 and increases the consolidated total net leverage ratio limit until December 31, 2021. The amendment also requires us to maintain liquidity at a certain level until the earlier of (1) June 29, 2021 and (2) the last day of the Covenant Modification Period. Additionally, during the Covenant Modification Period, the Company is subject to (a) limitations on the incurrence of subsidiary indebtedness, (b) limitations on the making of restricted payments, including purchases by the Company of our ordinary shares and the amount of dividends the Company may pay, and (c) a "most favored nations" provision related to certain terms of any committed credit facility in an amount greater than $100 million. As of December 31, 2020, we were compliant with our covenants under the agreements governing our outstanding indebtedness.

On June 19, 2020, we issued $750 million of unsecured, unsubordinated 2.700% Notes due 2031. These notes rank equally with our other unsecured, unsubordinated obligations. We used the net proceeds from the sale of such notes, which further enhance our liquidity and financial flexibility during the ongoing COVID-19 pandemic, for general corporate purposes.

As of December 31, 2020, we have a $2.0 billion unsecured, unsubordinated commercial paper program which we plan to use for general corporate purposes, including the funding of working capital and potential acquisitions. As of December 31, 2020, there were no borrowings outstanding under the commercial paper program.

Long-term debt consisted of the following:

(DOLLARS IN MILLIONS)

Debt Description	Interest Rate	2020	2019
1.923% Notes due February 15, 2023	1.923%	$ 500	$ —
2.242% Notes due February 15, 2025	2.242%	2,000	—
2.493% Notes due February 15, 2027	2.493%	1,250	—
2.722% Notes due February 15, 2030	2.722%	2,000	—
2.700% Notes due February 15, 2031	2.700%	750	—
3.377% Notes due April 5, 2040	3.377%	1,500	—
3.577% Notes due April 5, 2050	3.577%	2,000	—
Other (including project financing obligations and finance leases)		308	319
Total principal long-term debt		10,308	319
Other (discounts and debt issuance costs)		(81)	—
Total debt		10,227	319
Less: current portion of long-term debt		191	237
Long-term debt, net of current portion		**$ 10,036**	$ 82

We issued $135 million and $107 million of debt for the years ended December 31, 2020 and 2019, respectively, relating to project financing arrangements. Long-term debt repayments for the years ended December 31, 2020 and 2019 relating to project financing arrangements were $161 million and $138 million, respectively.

Scheduled maturities of long-term debt, excluding amortization of discount, are as follows:

(DOLLARS IN MILLIONS)	
2021	$ 190
2022	$ 117
2023	$ 501
2024	$ —
2025	$ 2,000
Thereafter	$ 7,500

The average maturity of our long-term debt as of December 31, 2020 is approximately 13 years and the weighted-average interest rate on our total borrowings for the year ended December 31, 2020 is approximately 2.7%.

Interest expense associated with long-term debt for the year ended December 31, 2020 was $298 million. Included in Interest expense, net on the accompanying Consolidated Statement of Operations is amortization of debt issuance costs of $9 million and debt issuance costs of $5 million that were expensed for the year ended December 31, 2020. Included in Accrued liabilities on the accompanying Consolidated Balance Sheet was accrued interest associated with long-term debt of $96 million and $1 million as of December 31, 2020 and 2019, respectively.

Note 13: Employee Benefit Plans

Employee Savings Plans. The Company sponsors various employee savings plans. Prior to the Separation and the Distribution, UTC also sponsored and contributed to defined contribution employee savings plans. Certain employees of Carrier participate in these plans. Carrier's contributions to employer sponsored defined contribution plans were $103 million, $88 million and $94 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Pension Plans. The Company sponsors both funded and unfunded domestic and international defined benefit pension and other post-retirement benefit plans and defined contribution plans. Additionally, the Company contributes to various domestic and international multi-employer defined benefit pension and other post-retirement benefit plans.

(DOLLARS IN MILLIONS)	2020	2019
Change in Benefit Obligation		
Beginning balance	$ 2,885	$ 2,581
Service cost	29	31
Interest cost	52	67
Actuarial loss	239	351
Benefits paid	(116)	(132)
Net settlement, curtailment and special termination benefits	(16)	(38)
Other [1]	151	25
Ending balance	$ 3,224	$ 2,885
Change in Plan Assets		
Beginning balance	$ 2,953	$ 2,635
Actual return on plan assets	285	381
Employer contributions	41	36
Benefits paid	(116)	(132)
Settlements	(15)	(14)
Other [1]	146	47
Ending balance	$ 3,294	$ 2,953
Funded Status		
Fair value of plan assets	$ 3,294	$ 2,953
Benefit obligations	(3,224)	(2,885)
Funded status of plans	$ 70	$ 68

(1) Reflects the impact of foreign exchange translation, primarily for plans in the United Kingdom, Canada and Germany.

The largest contributor to the improvement in the funded position was better than expected asset performance globally, offset by exchange rate losses and the decrease in the discount rate used to measure the benefit obligations of our plans. Discount rates in all applicable territories and countries declined over the measurement period as a result of reductions in corporate bond yields, which resulted in an increase in benefit obligations.

(DOLLARS IN MILLIONS)	2020	2019
Amounts Recognized in the Consolidated Balance Sheet Consist of:		
Non-current assets	$ 542	$ 488
Current liability	(10)	(9)
Non-current liability	(462)	(411)
Net amount recognized	$ 70	$ 68
Amounts Recognized in Accumulated Other Comprehensive Loss Consist of:		
Net actuarial loss	$ 689	$ 577
Prior service cost	13	15
Net amount recognized	$ 702	$ 592

Qualified domestic pension plan benefits comprise approximately 9% of the projected benefit obligation. These plans are closed to new entrants. Foreign plans comprise approximately 91% of the projected benefit obligation; certain of these plans provide participants with one-time payments upon separation of employment rather than a retirement annuity. Non-qualified domestic pension plans provide supplementary retirement benefits to certain employees and are not a material component of the projected benefit obligation.

For the years ended December 31, 2020, 2019 and 2018, we made $41 million, $36 million and $45 million, respectively, of cash contributions to our foreign defined benefit pension plans.

Information for pension plans with accumulated benefit obligations in excess of plan assets:

(DOLLARS IN MILLIONS)	2020	2019
Projected benefit obligation	$ 622	$ 549
Accumulated benefit obligation	$ 579	$ 506
Fair value of plan assets	$ 156	$ 137

Information for pension plan with projected benefit obligations in excess of plan assets:

(DOLLARS IN MILLIONS)	2020	2019
Projected benefit obligation	$ 666	$ 690
Accumulated benefit obligation	$ 615	$ 630
Fair value of plan assets	$ 194	$ 270

The accumulated benefit obligation for all defined benefit plans was $3.2 billion and $2.8 billion as of December 31, 2020 and 2019, respectively.

The components of net periodic pension benefits for our defined benefit pension plan are as follows:

(DOLLARS IN MILLIONS)	2020	2019	2018
Service cost	$ 29	$ 31	$ 33
Interest cost	52	67	64
Expected return on plan assets	(140)	(154)	(170)
Amortization of prior service credit	2	2	1
Recognized actuarial net loss	22	9	16
Net settlement, curtailment and special termination benefit loss	4	4	1
Net periodic pension benefit	$ (31)	$ (41)	$ (55)

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) are as follows:

(DOLLARS IN MILLIONS)	2020	2019
Current year actuarial loss	$ 94	$ 112
Amortization of actuarial loss	(22)	(9)
Amortization of prior service cost	(2)	(2)
Net settlement and curtailment gain	(4)	(4)
Other [1]	39	2
Total recognized in other comprehensive loss	$ 105	$ 99
Net recognized in net periodic benefit and other comprehensive loss	$ 74	$ 58

[1] Reflects the impact of foreign exchange translation, primarily for plans in the United Kingdom, Canada and Germany.

Major assumptions used in determining the benefit obligation and net cost for pension plans are presented in the following table as weighted-averages:

	Benefit Obligation		Net Costs		
(DOLLARS IN MILLIONS)	2020	2019[2]	2020	2019[2]	2018[2]
Discount rate					
Projected benefit obligation	1.4%	2.0%	2.0%	2.8%	2.5%
Interest cost [1]	—%	—%	1.8%	2.7%	2.4%
Service cost [1]	—%	—%	1.8%	3.2%	2.8%
Salary scale	2.8%	3.4%	3.3%	3.0%	3.0%
Expected return on plan assets	—%	—%	4.9%	5.6%	6.0%

(1) The 2020 and 2019 discount rates used to measure the service cost and interest cost applies to our significant plans. The projected benefit obligation discount rate is used for the service cost and interest cost measurements for non-significant plans.

(2) Assumptions prior to 2020 include assumptions used for the UTC plan which included Carrier employees.

The weighted-average discount rates used to measure pension benefit obligations and net costs are set by reference to specific analyses using each plan's specific cash flows and high-quality bond indices to assess reasonableness. For those significant plans, Carrier utilizes a full yield curve approach in the estimation of the service cost and interest cost components by applying the specific spot rates along the yield curve used in determination of the benefit obligation to the relevant projected cash flows.

In determining the expected return on plan assets, we consider the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes and economic and other indicators of future performance. Return projections are assessed for reasonableness using a simulation model that incorporates yield curves, credit spreads and risk premiums to project long-term prospective returns.

The plans' investment management objectives include providing the liquidity and asset levels needed to meet current and future benefit payments, while maintaining a prudent degree of portfolio diversification considering interest rate risk and market volatility. Globally, investment strategies target a mix of approximately 40% of growth seeking assets and 60% of income generating and hedging assets using a wide diversification of asset types, fund strategies and investment managers. The growth seeking allocation consists of global public equities in developed and emerging countries and alternative-asset class strategies. Within the income generating assets, the fixed income portfolio consists of mainly government and broadly diversified high quality corporate bonds.

The plans seek to reduce the plans' interest rate risk and have incorporated liability hedging programs that include the adoption of a risk reduction objective as part of the long-term investment strategy. Under this objective the income generating and hedging assets typically increase as funded status improves. The hedging programs incorporate a range of assets and investment tools, each with various interest rate sensitivities. As a result of the improved funded status of the plans due to favorable asset returns and funding of the plans, the income generating and hedging assets increased in recent years.

The fair values of pension plan assets by asset category are as follows:

(DOLLARS IN MILLIONS)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Subject to Leveling	Total
Asset Category					
Public Equities:					
Global Equities	**$ —**	**$ 52**	**$ —**	**$ 65**	**$ 117**
Global Equity Funds at net asset value [8]	**—**	**—**	**—**	**733**	**733**
Fixed Income Securities:					
Governments	**—**	**1,270**	**—**	**—**	**1,270**
Corporate Bonds	**—**	**121**	**—**	**41**	**162**
Fixed Income Securities [8]	**—**	**—**	**—**	**923**	**923**
Real Estate [4] [8]	**—**	**2**	**—**	**11**	**13**
Other [5] [8] [9]	**—**	**(422)**	**—**	**407**	**(15)**
Cash & Cash Equivalents [6] [8]	**—**	**32**	**—**	**22**	**54**
Subtotal	**$ —**	**$ 1,055**	**$ —**	**$ 2,202**	**$ 3,257**
Other Assets & Liabilities [7]					**37**
Total as of December 31, 2020					**$ 3,294**
Public Equities:					
Global Equities	$ 29	$ —	$ —	$ —	$ 29
Global Equity Commingled Funds [1]	—	141	—	—	141
Enhanced Global Equities [2]	3	3	—	—	6
Global Equity Funds at net asset value [8]	—	—	—	927	927
Private Equities [3] [8]	—	—	2	10	12
Fixed Income Securities:					
Governments	8	35	—	—	43
Corporate Bonds	—	169	—	—	169
Fixed Income Securities [8]	—	—	—	1,449	1,449
Real Estate [4] [8]	—	3	12	6	21
Other [5] [8]	—	68	—	23	91
Cash & Cash Equivalents [6] [8]	—	3	—	44	47
Subtotal	$ 40	$ 422	$ 14	$ 2,459	$ 2,935
Other Assets & Liabilities [7]					18
Total as of December 31, 2019					$ 2,953

(1) Represents commingled funds that invest primarily in common stocks.

(2) Represents enhanced equity separate account and commingled fund portfolios. A portion of the portfolio may include long-short market neutral and relative value strategies that invest in publicly traded, equity and fixed income securities, as well as derivatives of equity and fixed income securities and foreign currency.

(3) Represents limited partner investments with general partners that primarily invest in debt and equity.

(4) Represents investments in real estate, including commingled funds and directly held properties.

(5) Represents insurance contracts and global balanced risk commingled funds consisting mainly of equity, bonds and some commodities.

(6) Represents short-term commercial paper, bonds and other cash or cash-like instruments.

(7) Represents trust receivables and payables that are not leveled.

(8) In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820)*, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented for the total pension plan assets.

(9) Includes fixed income repurchase agreements entered into for purposes of pension asset and liability matching.

Derivatives in the plan are primarily used to manage risk and gain asset class exposure while still maintaining liquidity. Derivative instruments mainly consist of fixed income repurchase agreements, interest rate swaps, total return swaps and currency forward contracts.

The fair value measurement of plan assets using significant unobservable inputs (Level 3) was not significantly impacted in 2020 or 2019 by unrealized losses (gains), purchases, sales or settlements.

Quoted market prices are used to value investments when available. Investments in securities traded on exchanges, including listed futures and options, are valued at the last reported sale prices on the last business day of the year or, if not available, the last reported bid prices. Fixed income securities are primarily measured using a market approach pricing methodology, whereby observable prices are obtained by market transactions involving identical or comparable securities of issuers with similar credit ratings. Over-the-counter securities and government obligations are valued at the bid prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable, including broker quotes. Temporary cash investments are stated at cost, which approximates fair value.

We expect to make total contributions of approximately $28 million to our global defined benefit pension plans in 2021. Contributions do not reflect benefits to be paid directly from corporate assets.

Benefit payments, including amounts to be paid from corporate assets, and reflecting expected future service, as appropriate, are expected to be paid as follows: $109 million in 2021, $113 million in 2022, $117 million in 2023, $119 million in 2024, $123 million in 2025 and $638 million from 2026 through 2030.

Post-retirement Benefit Plans. The Company sponsors post-retirement benefit plans that provide both health and life insurance benefits to eligible retirees. The post-retirement plans are unfunded. The benefit obligation was $5 million and $6 million as of December 31, 2020 and 2019, respectively.

Multiemployer Benefit Plans. The Company contributes to various domestic and foreign multiemployer defined benefit pension plans. The risks of participating in these multiemployer plans are different from those of single-employer plans in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Our participation in these plans for the years ended December 31, 2020 and 2019 is outlined in the following table. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2020 and 2019 is for the plan's year-end as of December 31, 2019 and December 31, 2018, respectively. The zone status is based on information that we received from the plan and is certified by the plan's actuary. Our significant plan is in the green zone which represents a plan that is at least 80% funded and does not require a financial improvement plan ("FIP") or a rehabilitation plan ("RP").

(DOLLARS IN MILLIONS)	EIN/Pension Plan Number	Zone Status		FIP/RP Status Pending Implemented	Contributions		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreements
Pension Fund		**2020**	2019		**2020**	2019		
Metal and technology industry pension plan	N/A	**Green**	Green	No	**$ 5**	$ 6	No	September 30, 2021
Other funds					**15**	14		
					$ 20	$ 20		

UTC Sponsored Defined Benefit Plans. Prior to the Separation and the Distribution, Carrier participated in defined benefit pension and post-retirement benefit plans sponsored by UTC, which were accounted for as multi-employer plans in the Consolidated Financial Statements in accordance with ASC Topic 715-30: *Defined Benefit Plans – Pension* and ASC Topic 715-60: *Defined Benefit Plans – Other Post-retirement*. ASC Topic 715: *Compensation – Retirement Benefits* provides that an employer that participates in a multi-employer defined benefit plan is not required to report a liability beyond the contributions currently due and unpaid to the plan. The Company's participation in these defined benefit pension and post-retirement benefits plans sponsored by UTC concluded in conjunction with the Separation and the Distribution.

The expenses associated with these UTC plans were allocated to the Company and reported in Cost of products sold, Cost of services sold, Selling, general and administrative and Non-service pension benefit on the accompanying Consolidated Statement of Operations. The pension and post-retirement expenses were as follows:

(DOLLARS IN MILLIONS)	2020	2019	2018
Service cost	$ —	$ 18	$ 22
Non-service pension benefit	(2)	(81)	(80)
Total net periodic benefit	**$ (2)**	$ (63)	$ (58)

Note 14: Stock-Based Compensation

Stock-Based Compensation. Prior to the Separation and the Distribution, Carrier participated in UTC's long-term incentive plans ("LTIP"), which authorized various types of market and performance-based incentive awards, including stock options, stock appreciation rights, performance share units and restricted stock units, which were granted to eligible Carrier officers and employees. All awards granted under the UTC LTIP related to UTC common shares. For all periods prior to the Separation and the Distribution, stock-based compensation expense was allocated to Carrier from UTC based upon direct employee headcount.

As a result of the Separation and the Distribution, outstanding and vested awards granted to employees under UTC's LTIP were converted into Carrier, Otis and UTC stock-based awards. Unvested awards held by Carrier employees and former employees were converted to Carrier stock-based awards. The ratio used to convert the UTC LTIP awards was intended to preserve the aggregate intrinsic value of each award immediately after the Separation and the Distribution when compared with the aggregate intrinsic value immediately prior to the Separation and the Distribution. All performance share units outstanding on the Distribution Date were converted to restricted stock units using payout metrics based on a combination of actual performance through the Distribution Date and the target for the remainder of the performance period. Due to the conversion, we expect to incur $14 million of incremental stock-based compensation expense to be recognized over the awards' remaining 1.4 year vesting period.

Under Carrier's LTIP, the exercise price of awards is set on the grant date and, on a per share basis, may not be less than the fair market value of Carrier's common stock on that date. Stock appreciation rights and stock options have a term of ten years and a three-year vesting period, subject to limited exceptions. In the event of retirement, stock appreciation rights, stock options and restricted stock units held for more than one year may vest and become exercisable (if applicable), subject to certain terms and conditions. Performance share units vest based on performance relative to pre-established metrics and generally have a minimum three-year vesting period. In the event of retirement, performance share units held for more than one year remain eligible to vest based on actual performance relative to pre-established metrics.

We measure the cost of stock-based compensation, including stock options, at fair value on the grant date net of expected forfeitures and amortize the cost over the award's vesting period.

Stock-based compensation cost by award type are as follows:

(DOLLARS IN MILLIONS)	2020	2019	2018
Equity compensation costs - equity settled	**$ 77**	$ 52	$ 44
Equity compensation costs - cash settled	**11**	6	—
Total stock-based compensation cost	**$ 88**	$ 58	$ 44
Income tax benefit	**$ 9**	$ 11	$ 10

The stock-based compensation cost for the years ended December 31, 2019 and 2018 represent the amounts allocated to Carrier by UTC related to our direct employees. Our cash settled awards are classified as liability awards and are measured at fair value at each balance sheet date.

For the years ended December 31, 2020, 2019 and 2018, we realized tax benefits resulting from the exercise of stock options of $12 million, $16 million and $7 million, respectively. In addition, for the years ended December 31, 2020, 2019 and 2018, the associated tax benefit realized from the vesting of performance share units and restricted stock units was $9 million, $9 million and $2 million, respectively.

As of December 31, 2020, there were $91 million of unrecognized stock-based compensation costs related to non-vested awards granted under the Carrier LTIP, which will be recognized ratably over the awards weighted-average vesting period of 2.3 years.

Carrier LTIP activity for the year ended December 31, 2020 was as follows:

	Stock Options and Stock Appreciation Rights		Performance Share Units		Restricted Stock Units	
(SHARES AND UNITS IN THOUSANDS)	Shares	Average Price Per Share [1]	Units	Average Price Per Share [2]	Units	Average Price Per Share [2]
Outstanding as of April 3, 2020 [3]	**36,015**	**$ 19.90**	**68**	**$ 21.23**	**5,622**	**$ 21.37**
Granted	**3,921**	**17.57**	**728**	**18.23**	**523**	**21.43**
Vested/Exercised	**(2,620)**	**15.81**	**—**	**—**	**(483)**	**19.74**
Forfeited/Cancelled	**(584)**	**22.31**	**(24)**	**19.25**	**(88)**	**23.29**
Outstanding as of December 31, 2020	**36,732**	**$ 19.91**	**772**	**$ 18.46**	**5,574**	**$ 21.57**

(1) Weighted-average exercise price

(2) Weighted-average grant date fair value

(3) Effective date of conversion upon the Separation and the Distribution

The weighted-average grant date fair value of stock options and stock appreciation rights granted for the years ended December 31, 2020, 2019 and 2018 was $4.67, $21.02 and $20.25, respectively. The weighted-average grant date fair value of performance share units, which vest upon achieving certain performance metrics, granted for the years ended December 31, 2020, 2019 and 2018 was $18.23, $112.76 and $131.42, respectively. The weighted-average grant date fair value of restricted stock units, granted for the years ended December 31, 2020, 2019 and 2018 was $21.43, $123.37 and $124.34, respectively. The total intrinsic value (which is the amount by which the stock price exceeded the exercise price on the date of exercise) of stock options and stock appreciation rights exercised for the years ended December 31, 2020, 2019 and 2018 was $47 million, $80 million and $43 million, respectively. The aggregate fair value (which is based on the stock price at vesting) of performance share units and restricted stock units vested was $15 million, $45 million and $14 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The following table summarizes outstanding Carrier LTIP awards that are vested and expected to vest (adjusted for expected forfeitures) and that are exercisable as of December 31, 2020:

	Equity Awards Vested and Expected to Vest				Equity Awards That Are Exercisable			
(SHARES AND UNITS IN THOUSANDS; AGGREGATE INTRINSIC VALUE IN DOLLARS IN MILLIONS)	Awards	Average Price Per Share [1]	Aggregate Intrinsic Value	Remaining Life [2]	Awards	Average Price Per Share [1]	Aggregate Intrinsic Value	Remaining Life [2]
Stock Options/ Stock Appreciation Rights	**35,553**	**$19.87**	**$ 635**	**6.7**	**14,678**	**$17.15**	**$ 302**	**4.1**
Performance Share Units/ Restricted Stock Units	**6,072**		**$ 229**	**1.7**				

(1) Weighted-average exercise price per share

(2) Weighted-average remaining contractual term in years for stock options and stock appreciation rights; weighted-average remaining vesting period in years for performance share units and restricted stock units

Stock Options and Stock Appreciation Rights

The Company utilizes a binomial lattice model to determine the fair value of our stock options and stock appreciation rights. The binomial lattice model relies on certain assumptions to estimate fair value.

The following table indicates the assumptions used in estimating fair value for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
Volatility	**32.1% to 35.6%**	18.8% to 19.7%	17.5% to 21.1%
Expected term (in years)	**7.0**	6.5 to 6.6	6.5 to 6.6
Expected dividend yield	**1.4% to 2.0%**	2.4%	2.2%
Range of risk-free rates	**0.1% to 1.0%**	2.3% to 2.7%	1.3% to 2.7%

The assumptions for 2019 and 2018 were determined by UTC based on UTC's stock price performance. Carrier has limited historical trading data and used peer group data to estimate expected volatility for the 2020 awards. Carrier used historical Carrier employee data, including data prior to the Separation and the Distribution, to estimate expected term. The expected dividend yield is consistent with management's expectations. The risk-free rate is based on the term structure of interest rates at the time the awards were granted.

Performance Share Units

Performance share units are considered contingently issuable shares and are included in diluted earnings per share based upon the number of shares that would be awarded assuming the performance conditions existing at the end of the reporting period continued until the end of the performance period.

Carrier utilizes a Monte Carlo simulation approach based on a three-year measurement period to determine the fair value of performance share units. This approach includes the use of assumptions regarding the future performance of the Company's stock and those of a peer group. Those assumptions include expected volatility, risk-free interest rates, correlations and dividend yield. Dividends do not accrue on the performance share units during the performance period.

Restricted Stock Units

Restricted stock units' fair value is based on the closing market price of Carrier's common stock on the respective dates of the grants. Dividends accrue on the restricted stock units during the vesting period and are paid in shares of Carrier's common stock.

Note 15: Other Long-Term Liabilities

Other long-term liabilities are as follows:

(DOLLARS IN MILLIONS)	2020	2019
Warranty related (Note 23)	**$ 323**	$ 288
Asbestos reserves (Note 25)	**228**	249
Environmental reserves (Note 25)	**213**	203
Asset retirement obligations (Note 25)	**76**	74
Self-insurance reserves (Note 25)	**85**	66
Tax obligations (Note 19)	**459**	—
Other	**340**	303
Other long-term liabilities	**$ 1,724**	$ 1,183

Note 16: Accumulated Other Comprehensive Loss

A summary of the changes in each component of Accumulated other comprehensive loss, net of tax is as follows:

(DOLLARS IN MILLIONS)	Foreign Currency Translation	Defined Benefit Pension and Post-retirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Loss
Balance as of January 1, 2018	$ (393)	$ (222)	$ (2)	$ (617)
Other comprehensive loss before reclassifications, net	(441)	(209)	—	(650)
Amounts reclassified, pre-tax	—	17	2	19
Tax benefit reclassified	—	33	—	33
Balance as of December 31, 2018	$ (834)	$ (381)	$ —	$ (1,215)
Other comprehensive income (loss) before reclassifications, net	52	(109)	—	(57)
Amounts reclassified, pre-tax	2	11	—	13
Tax benefit reclassified	—	15	—	15
ASU 2018-02 adoption impact	—	(9)	—	(9)
Balance as of December 31, 2019	$ (780)	$ (473)	$ —	$ (1,253)
Other comprehensive income before reclassifications, net	**589**	**2**	**—**	**591**
Amounts reclassified, pre-tax	**—**	**(105)**	**—**	**(105)**
Tax benefit reclassified	**—**	**22**	**—**	**22**
Balance as of December 31, 2020	**$ (191)**	**$ (554)**	**$ —**	**$ (745)**

Amounts reclassified related to defined benefit pension and post-retirement plans include amortization of prior service costs and recognized actuarial net losses. These costs are recorded as components of net periodic pension cost for each period presented. See Note 13 – *Employee Benefit Plans* for additional information.

Note 17: Restructuring Costs

We recorded net pre-tax restructuring costs for new and ongoing restructuring actions as follows:

(DOLLARS IN MILLIONS)	2020	2019	2018
HVAC	$ 7	$ 56	$ 20
Refrigeration	12	14	23
Fire & Security	28	53	34
Eliminations and other	2	3	3
Total restructuring costs	**$ 49**	$ 126	$ 80

Restructuring charges incurred primarily relate to actions initiated for the years ended December 31, 2020, 2019 and 2018 and were recorded as follows:

(DOLLARS IN MILLIONS)	2020	2019	2018
Cost of sales	$ 20	$ 36	$ 36
Selling, general and administrative	29	90	44
Total restructuring costs	**$ 49**	$ 126	$ 80

For the year ended December 31, 2020, we had cash outflows totaling $55 million related to restructuring activities.

2020 Actions. For the year ended December 31, 2020, we recorded net pre-tax restructuring costs of $47 million for restructuring actions initiated in 2020, consisting of $21 million in Cost of products sold and Cost of services sold and $26 million in Selling, general and administrative. The 2020 actions relate to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations. We are targeting to complete the majority of the remaining actions in 2021.

The following table summarizes the accrual balance and utilization for the 2020 restructuring actions:

(DOLLARS IN MILLIONS)	Severance	Facility Exit, Lease Termination and Other Costs	Total
Restructuring accrual as of January 1, 2020	$ —	$ —	$ —
Net pre-tax restructuring costs	39	8	47
Utilization, foreign exchange and other costs	(14)	(6)	(20)
Balance as of December 31, 2020	**$ 25**	**$ 2**	**$ 27**

The following table summarizes expected, incurred and remaining costs for the 2020 restructuring actions by segment:

(DOLLARS IN MILLIONS)	Expected Costs	Costs Incurred During 2020	Remaining Costs as of December 31, 2020
HVAC	$ 22	$ (7)	$ 15
Refrigeration	16	(14)	2
Fire & Security	32	(24)	8
Eliminations and other	5	(2)	3
Total	$ 75	$ (47)	$ 28

2019 Actions. For the year ended December 31, 2020, we recorded net pre-tax restructuring costs totaling $2 million for restructuring actions initiated in 2019, consisting of $0 million in Cost of products sold and Cost of services sold and $2 million in Selling, general and administrative, respectively. The 2019 actions relate to ongoing cost reduction efforts, including workforce reductions and consolidation of field operations. The following table summarizes the accrual balances and utilization for the 2019 restructuring actions:

(DOLLARS IN MILLIONS)	Severance	Facility Exit, Lease Termination and Other Costs	Total
Restructuring accrual as of January 1, 2019	$ —	$ —	$ —
Net pre-tax restructuring costs	102	8	110
Utilization, foreign exchange and other costs	(60)	(7)	(67)
Balance as of December 31, 2019	$ 42	$ 1	$ 43
Net pre-tax restructuring costs	**1**	**1**	**2**
Utilization, foreign exchange and other costs	**(28)**	**(1)**	**(29)**
Balance as of December 31, 2020	**$ 15**	**$ 1**	**$ 16**

The following table summarizes expected, incurred and remaining costs for the 2019 restructuring actions by segment:

(DOLLARS IN MILLIONS)	Expected Costs	Costs Incurred During 2019	Costs Incurred During 2020	Remaining Costs as of December 31, 2020
HVAC	$ 52	$ (51)	**$ —**	**$ 1**
Refrigeration	13	(14)	**1**	**—**
Fire & Security	47	(43)	**(3)**	**1**
Eliminations and other	2	(2)	**—**	**—**
Total	$ 114	$ (110)	**$ (2)**	**$ 2**

2018 and Prior Actions. For the year ended December 31, 2020, we recorded net pre-tax restructuring costs totaling $0 million for restructuring actions initiated in 2018 and prior. As of December 31, 2020 and 2019, we had approximately $6 million and $23 million, respectively, of accrual balances remaining related to 2018 and prior actions.

Note 18: Other Income (Expense), Net

(DOLLARS IN MILLIONS)	2020	2019	2018
Transaction gains	**$ 1,123**	$ —	$ 799
Impairment charge on minority-owned joint venture investments	**(72)**	(108)	—
Other	**(45)**	106	138
Other income (expense), net	**$ 1,006**	$ (2)	$ 937

The transaction gain recorded for the year ended December 31, 2020 relates to the sale of shares in Beijer (see Note 6 – *Equity Method Investments and Related Parties* for additional information) and the transaction gain for the year ended December 31, 2018 relates to the sale of Taylor. See Note 10 – *Business Acquisitions, Dispositions, Goodwill and Intangible Assets* for additional information.

Note 19: Income Taxes

Income Before Income Taxes. The sources of income from operations before income taxes are as follows:

(DOLLARS IN MILLIONS)	2020	2019	2018
United States	**$ 915**	$ 1,460	$ 2,360
Foreign	**1,940**	1,212	1,482
Total	**$ 2,855**	$ 2,672	$ 3,842

Provision for Income Taxes. The income tax expense (benefit) consisted of the following components:

(DOLLARS IN MILLIONS)	2020	2019	2018
Current:			
United States:			
Federal	**$ 434**	$ 262	$ 479
State	**74**	72	119
Foreign	**244**	305	342
	752	639	940
Future:			
United States:			
Federal	**13**	(14)	(37)
State	**6**	(2)	24
Foreign	**78**	(106)	146
	97	(122)	133
Income tax expense	**$ 849**	$ 517	$ 1,073

Reconciliation of Effective Income Tax Rate. The differences between the effective income tax rate and the statutory U.S. federal income tax rate are as follows:

	2020	2019	2018
Statutory U.S. federal income tax rate	**21.0%**	21.0%	21.0%
State income tax	**1.7%**	2.5%	2.6%
Tax on international activities	**4.2%**	3.3%	4.4%
Separation impact	**3.4%**	(0.7)%	—%
Tax audit settlements	**—%**	(5.6)%	—%
Other	**(0.6)%**	(1.1)%	(0.1)%
Effective income tax rate	**29.7%**	19.4%	27.9%

The effective tax rate for the year ended December 31, 2020 reflects a $51 million charge related to a valuation allowance recorded against a United Kingdom tax loss and a credit carry forward and a charge of $46 million resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings. These items were impacted by the Separation and are included in "Separation impact" in the previous table.

The effective tax rate for the year ended December 31, 2019 reflects a net tax benefit of $149 million as a result of the filing by a Carrier subsidiary to participate in an amnesty program offered by the Italian Tax Authority and the conclusion of an audit by the IRS for UTC's 2014, 2015 and 2016 tax years.

The effective tax rate for the year ended December 31, 2018 reflects a net tax charge of $102 million as a result of UTC ceasing to assert that it intended to reinvest certain undistributed earnings of its international subsidiaries.

Deferred Tax Assets and Liabilities. Future income taxes represent the tax effects of transactions, which are reported in different periods for tax and U.S. GAAP purposes. These amounts consist of the tax effects of differences between tax and U.S. GAAP that are expected to be reversed in the future and tax carryforwards. Future income tax benefits and payables within the same tax paying component of a particular jurisdiction are offset for presentation in the Consolidated Balance Sheet.

The tax effects of temporary differences and tax carryforwards which give rise to future income tax benefits and payables as of December 31, 2020 and 2019 are as follows:

(DOLLARS IN MILLIONS)	2020	2019
Future income tax benefits:		
Insurance and employee benefits	**$ 109**	$ 76
Other assets basis differences	**152**	128
Other liabilities basis differences	**487**	556
Tax loss carryforward	**258**	236
Tax credit carryforward	**63**	55
Valuation allowances	**(231)**	(128)
	$ 838	$ 923
Future income tax payable:		
Goodwill and intangible assets	**411**	392
Other asset basis differences	**336**	297
	$ 747	$ 689

Valuation allowances have been established primarily for tax credit carryforwards, tax loss carryforwards and certain foreign temporary differences to reduce future income tax benefits to expected realizable amounts.

Tax Credit and Loss Carryforwards. As of December 31, 2020, tax credit carryforwards and tax loss carryforwards were as follows:

(DOLLARS IN MILLIONS)	Tax Loss Carryforwards	Tax Credit Carryforwards
Expiration period:		
2021-2025	$ 126	$ 7
2026-2030	53	5
2031-2040	17	4
Indefinite	949	47
Total	$ 1,145	$ 63

The Company assesses the realizability of our deferred tax assets on a quarterly basis through an analysis of potential sources of future taxable income, including prior year taxable income available to absorb a carryback of tax losses, reversals of existing taxable temporary differences, tax planning strategies and forecasts of taxable income. The Company considers all negative and positive evidence, including the weight of the evidence, to determine if valuation allowances against deferred tax assets are required. The Company maintains valuation allowances against certain deferred tax assets, primarily in Non-U.S. jurisdictions.

Unrecognized Tax Benefits. As of December 31, 2020, Carrier had unrecognized tax benefits of $162 million, all of which, if recognized, would impact Carrier's effective tax rate. A reconciliation of the beginning and ending amounts of unrecognized tax benefits and related interest expense is as follows:

(DOLLARS IN MILLIONS)	2020	2019	2018
Balance at beginning of period	$ 166	$ 316	$ 290
Additions for tax positions related to the current year	22	30	27
Additions for tax positions of prior years	14	14	3
Reductions for tax positions of prior years [1]	(40)	(19)	(4)
Settlements	—	(175)	—
Balance at end of period	$ 162	$ 166	$ 316
Gross interest expense related to unrecognized tax benefits	$ 6	$ 8	$ 8
Total accrued interest balance at end of period	$ 25	$ 25	$ 33

(1) Includes an adjustment of $37 million recorded in UTC Net investment for the year ended December 31, 2020 for tax positions of prior years.

Carrier conducts business globally and, as a result, Carrier and our subsidiaries file income tax returns in the U.S. federal, various state and foreign jurisdictions. In certain jurisdictions, Carrier's operations were included in UTC's combined tax returns for the periods through the Separation and the Distribution. The IRS commenced an audit of UTC's tax years 2017 and 2018 in the second quarter of 2020. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including U.S., Australia, Belgium, Canada, China, Czech Republic, France, Germany, Hong Kong, India, Italy, Mexico, the Netherlands, Singapore and the United Kingdom. Carrier is no longer subject to U.S. federal income tax examination for years prior to 2017 and, with few exceptions, is no longer subject to U.S. state and local and foreign income tax examinations for tax years before 2010.

During the second quarter of 2019, a subsidiary of Carrier that was engaged in litigation before the Italian Supreme Court filed to participate in the Italian amnesty program. In addition, during the second quarter of 2019, the IRS completed its review of UTC's 2014, 2015 and 2016 tax years and certain U.S. state income tax exams concluded. As a result of the amnesty filing in Italy and the conclusion of the IRS and U.S. state audits, Carrier recognized a non-cash gain of approximately $166 million, including pre-tax interest of approximately $16 million.

The U.S. Treasury finalized the GILTI High Tax Exclusion ("HTE") regulations in the third quarter of 2020. The HTE regulations permit an election to apply the regulations retroactively to the years 2018 and 2019. In accordance with the TMA, if the HTE election were made on an amended return by the Company for 2018 and 2019, UTC would be entitled to any federal tax benefit. On a stand-alone basis, the Company did not record a benefit from the HTE regulation associated with the years 2018 and 2019 and the amount would not have been material to the Consolidated Statement of Operations.

As a result of the TCJA, Carrier no longer intends to reinvest certain undistributed earnings of our international subsidiaries that have been previously taxed in the U.S. As such, Carrier has recorded the taxes associated with the future remittance of these earnings. For the remainder of Carrier's undistributed international earnings, unless tax effective to repatriate, Carrier intends to continue to permanently reinvest these earnings. As of December 31, 2020 such undistributed earnings were approximately $7 billion, excluding other comprehensive income amounts. It is not practicable to estimate the amount of tax that might be payable on the remaining amounts.

We relied upon certain historical tax return information and allocations that were provided by UTC in the computation of certain U.S. deferred tax assets and liabilities. These deferred tax items could change as a result of the finalization of our 2020 pre-separation period U.S. income tax returns and these changes could be material.

Pursuant to the TMA, Carrier is required to make payments to UTC representing Carrier's portion of UTC's remaining net tax liability attributable to U.S. income tax on previously undistributed earnings of Carrier's international subsidiaries resulting from the passage of the TCJA. The amounts computed on a separate company basis of approximately $68 million recorded within Accrued liabilities and $701 million recorded within Future income tax obligations were adjusted through UTC Net investment upon the Separation and the Distribution. For the year ended December 31, 2020, $6 million of this obligation was paid, resulting in an obligation to UTC of $453 million recorded within Other Long-Term Liabilities as of December 31, 2020. The remaining obligation is expected to be settled in five annual payments, beginning in April of 2022.

After the Separation and the Distribution, Carrier has been entitled to unrecognized tax benefits to the extent the item relates exclusively to Carrier in accordance with the TMA. The change from a separate company to stand-alone basis resulted in a $37 million decrease to Future income tax obligations which were recorded through UTC Net investment.

In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. It is reasonably possible that a net decrease in unrecognized tax benefits from $10 million to $35 million may occur within 12 months as a result of additional worldwide uncertain tax positions, the revaluation of uncertain tax positions arising from examinations, appeals, court decisions or the closure of tax statutes.

Note 20: Financial Instruments

We enter into derivative instruments primarily for risk management purposes. We operate internationally, and in the normal course of business, we are exposed to fluctuations in foreign exchange rates. These fluctuations can increase the costs of operating our business. We have used derivative instruments, such as forward contracts, to manage certain foreign currency risk.

The following table summarizes the fair value and presentation in the Consolidated Balance Sheet for derivative instruments:

(DOLLARS IN MILLIONS)	Balance Sheet Location	2020	2019
Derivatives not designated as hedging instruments:			
Foreign exchange contracts	Asset Derivatives:		
	Other assets, current	**$ 17**	$ —
	Liability Derivatives:		
	Accrued liabilities	**$ (5)**	$ —

NOTE 21: Fair value measurements

In accordance with the provisions of ASC Topic 820: *Fair Value Measurement*, the following tables provide the valuation hierarchy classification of assets and liabilities that are recorded at fair value and measured on a recurring basis in our Consolidated Balance Sheet:

(DOLLARS IN MILLIONS)	Total	Level 1	Level 2	Level 3
December 31, 2020				
Recurring fair value measurement:				
Money market mutual funds	**$ 38**[1]	**$ —**	**$ 38**	**$ —**
Derivative assets	**$ 17**	**$ —**	**$ 17**	**$ —**
Derivative liabilities	**$ (5)**	**$ —**	**$ (5)**	**$ —**

(1) Included in Cash and cash equivalents on the accompanying Consolidated Balance Sheet.

Valuation Techniques. Our derivative assets and liabilities are measured at fair value using internal models based on observable market inputs, including forward rate, interest rate, contract rate and discount rate.

The following table provides the carrying amounts and fair values of financial instruments that are not recorded at fair value in our Consolidated Balance Sheet:

	2020		2019	
(DOLLARS IN MILLIONS)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Current and long-term debt (excluding finance leases)	**$ 10,221**	**$ 11,115**	$ 313	$ 313

The following tables provide the valuation hierarchy classification of assets and liabilities that are not carried at fair value in our Consolidated Balance Sheet:

2020

(DOLLARS IN MILLIONS)	Total	Level 1	Level 2	Level 3
Current and long-term debt (excluding finance leases)	**$ 11,115**	**$ 10,811**	**$ —**	**$ 304**

2019

(DOLLARS IN MILLIONS)	Total	Level 1	Level 2	Level 3
Current and long-term debt (excluding finance leases)	$ 313	$ —	$ —	$ 313

Valuation Techniques. As of December 31, 2020, the project financing obligations included in Long-term debt approximate their fair value. For the years ended December 31, 2020 and 2019 there were no transfers in or out of levels 1, 2 or 3.

The following table presents changes in Level 3 liabilities not measured at fair value on a recurring basis:

(DOLLARS IN MILLIONS)	2020	2019
Fair value as of January 1	$ 313	$ 291
Issuances, including interest on project financing obligations	152	160
Settlements	(161)	(138)
Fair value as of December 31	$ 304	$ 313

Note 22: Leases

Operating lease expense for the years ended December 31, 2020 and 2019 was $197 million and $206 million, respectively.

Supplemental cash flow information related to operating leases was as follows:

(DOLLARS IN MILLIONS)	2020	2019
Operating cash flows for measurement of operating lease liabilities	$ (213)	$ (201)
Operating lease right-of-use assets obtained in exchange for operating lease obligations	$ 169	$ 136

Operating lease right-of-use assets and liabilities are reflected on our Consolidated Balance Sheet as follows:

(DOLLARS IN MILLIONS EXCEPT LEASE TERM AND DISCOUNT RATE)	2020	2019
Operating lease right-of-use assets	$ 788	$ 832
Accrued liabilities	$ (161)	$ (163)
Operating lease liabilities	(642)	(682)
Total operating lease liabilities	$ (803)	$ (845)

Supplemental balance sheet information related to operating leases was as follows:

	2020	2019
Weighted-Average Remaining Lease Term (in years)	7.7	8.0
Weighted-Average Discount Rate	3.4 %	3.6 %

Undiscounted maturities of operating lease liabilities, including options to extend lease terms that are reasonably certain of being exercised, as of December 31, 2020 are as follows:

(DOLLARS IN MILLIONS)	
2021	$ 180
2022	152
2023	127
2024	102
2025	80
Thereafter	298
Total undiscounted lease payments	939
Less: imputed interest	(136)
Total discounted lease payments	$ 803

Prior to the adoption of the New Lease Accounting Standard, rent expense was $167 million for the year ended December 31, 2018 and rental commitments on an undiscounted basis as of December 31, 2018 under long-term non-cancellable operating leases were payable as follows:

(DOLLARS IN MILLIONS)	2019	2020	2021	2022	2023	Thereafter
Operating lease commitments	$ 189	$ 146	$ 110	$ 77	$ 52	$ 111

Note 23: Guarantees

The Company has commitments and performance guarantees, including energy savings guarantees, under long-term service and maintenance contracts related to our air conditioning equipment and system controls. Liabilities recorded on the Consolidated Balance Sheet related to these guarantees were not significant during the historical periods presented.

The Company also has obligations arising from sales of certain businesses and assets, including those from representations and warranties and related indemnities for, among other matters, environmental, health and safety (including asbestos-related), tax and employment matters. The maximum potential payment related to these obligations is not a specified amount, as a number of the obligations do not contain financial caps. The carrying amount of liabilities related to these obligations was $17 million and $10 million as of December 31, 2020 and 2019, respectively, recorded within Accrued liabilities on the accompanying Consolidated Balance Sheet. See Note 25 – *Commitments and Contingent Liabilities* for additional information.

The changes in the carrying amount of service and product warranties and product performance guarantees, included in Accrued liabilities on the accompanying Consolidated Balance Sheet are as follows:

(DOLLARS IN MILLIONS)	**2020**	2019
Balance as of January 1	**$ 488**	$ 473
Warranties, performance guarantees issued and changes in estimated liability	**167**	182
Settlements made	**(146)**	(164)
Other	**5**	(3)
Balance as of December 31	**$ 514**	$ 488

Note 24: Supplemental Cash Flow Information

(DOLLARS IN MILLIONS)	**2020**	2019	2018
Interest paid, net of amounts capitalized	**$ 196**	$ 28	$ 16
Interest paid - related party	**$ —**	$ 55	$ 59
Income taxes paid for - related party	**$ —**	$ 475	$ 649
Income taxes paid, net of refunds	**$ 819**	$ 284	$ 276

Note 25: Commitments and Contingent Liabilities

The Company is unable to predict the final outcome of the following matters based on the information currently available except as otherwise noted. However, the Company does not believe that the resolution of any of these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

Environmental. The Company's operations are subject to environmental regulation by various authorities. We have accrued for the costs of environmental remediation activities, including but not limited to, investigatory, remediation, operating and maintenance costs and performance guarantees, and we periodically reassess these amounts. Management believes that the likelihood of incurring losses materially in excess of the amounts accrued is remote. As of December 31, 2020 and 2019, the outstanding liability for environmental obligations was $239 million and $217 million, respectively, of which $26 million and $14 million, respectively, is included in Accrued liabilities and $213 million and $203 million, respectively, is included in Other long-term liabilities on the accompanying Consolidated Balance Sheet.

Legal Proceedings.

Asbestos Matters. The Company and our consolidated subsidiaries have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos allegedly integrated into certain Carrier products or business premises. While the Company has never manufactured asbestos and no longer incorporates it into any currently-manufactured products, certain products that Carrier no longer manufactures contained components incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos-related claims were not material individually or in the aggregate in any period.

As of December 31, 2020, the estimated range of liability to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately $245 million to $276 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of $245 million and

$255 million, of which $228 million and $249 million is recorded in Other long-term liabilities, on the accompanying Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively. In addition, the Company has an insurance recovery receivable for probable asbestos-related recoveries of approximately $103 million and $104 million, of which $97 million and $102 million is included in Other assets, on the accompanying Consolidated Balance Sheet as of December 31, 2020 and 2019, respectively.

Aqueous Film Forming Foam Litigation. AFFF is a firefighting foam developed in the 1970s pursuant to U.S. military specification and used to extinguish certain types of fires primarily at airports and military bases. AFFF was manufactured by several companies, including National Foam and Angus Fire. UTC acquired the National Foam and Angus Fire businesses in 2005 as part of the acquisition of Kidde, which has been operated by Carrier. In 2013, UTC divested the National Foam and Angus Fire businesses to a third party.

Carrier and many other parties, including the third-party buyer of the National Foam and Angus Fire businesses, have been named as defendants in over 700 cases, including putative class actions and other lawsuits, alleging that the historic use of AFFF caused personal injuries and property damage. Additionally, several state and municipal plaintiffs have commenced litigation against the same defendants to recover remediation costs related to historic use of AFFF. In December 2018, the U.S. Judicial Panel on MDL transferred and consolidated all of the AFFF cases pending in the federal courts to the U.S. District Court for the District of South Carolina for pre-trial proceedings.

Plaintiffs in the MDL allege that a chemical ingredient in AFFF contains, or breaks down into, compounds known as PFOS and PFOA that were released into the environment and, in some instances, ultimately leached into drinking water supplies. National Foam and Angus Fire purchased these perflourinated chemical ingredients from third-party chemical manufacturers to manufacture AFFF. Chemicals containing PFOS and PFOA (or their precursors) have also been used for decades by many third parties to manufacture carpets, clothing, fabrics, cookware and other consumer products. The individual plaintiffs in the MDL generally seek compensatory damages for alleged personal injuries, medical monitoring and diminution in property value and injunctive relief to remediate alleged contamination of water supplies. The state, municipal and water utility plaintiffs in the MDL generally seek damages and costs related to the remediation of public property and water supplies.

Carrier and other defendants are also party to fewer than 10 cases in state court brought by oil refining companies in the U.S. alleging product liability claims related to legacy sales of AFFF and seeking damages for the costs to replace the product and for property damage.

Carrier and other defendants are also party to an action related to the AFFF manufacturing facility that was operated by National Foam in which the plaintiff water utility seeks remediation costs related to the alleged contamination of the local water supply.

We believe that we have meritorious defenses to these claims. We are also seeking insurance coverage for these claims. At this time, however, given the numerous factual, scientific and legal issues to be resolved relating to these claims, Carrier is unable to assess the probability of liability or reasonably estimate the damages, if any, to be allocated to Carrier, if one or more plaintiffs were to prevail in these cases, and there can be no assurance that any such future exposure will not be material in any period.

UTC Equity Awards Conversion Litigation. On August 12, 2020, several former employees of UTC and its subsidiaries filed a putative class action complaint in the U.S. District Court for the District of Connecticut against Raytheon Technologies Corporation, Carrier, Otis, the former members of the UTC Board of Directors and the members of the Carrier and Otis Boards of Directors (*Geraud Darnis, et al. v. Raytheon Technologies Corporation, et al.*). The complaint challenges the method by which UTC equity awards were converted to UTC, Carrier and Otis equity awards following the Separation and the Distribution. The complaint asserts that the defendants are liable for breach of certain equity compensation plans and for breach of fiduciary duty and also asserts claims under certain provisions of ERISA. Carrier believes that the claims against the Company are without merit.

Income Taxes. As described in Note 1 – *Description of the Business*, under the TMA, the Company is responsible to UTC for its share of the TCJA transition tax associated with foreign undistributed earnings as of December 31, 2017. As of December 31, 2020, a liability of $72 million, primarily related to our share of TCJA transition tax associated with foreign undistributed earnings is included within Other long-term liabilities on the accompanying Consolidated Balance Sheet. We believe that the likelihood of incurring losses materially in excess of this amount is remote.

Self-insurance. Liabilities related to self-insured risks were $249 million and $239 million as of December 31, 2020 and 2019, respectively, of which $85 million and $66 million were primarily classified as Other long-term liabilities as of December 31, 2020 and 2019, respectively. We incurred expenses related to self-insured risks of $145 million, $177 million and $170 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Other. The Company has other commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising in the ordinary course of business. The Company accrues for contingencies generally based upon a range of possible outcomes. If no amount within the range is a better estimate than any other, the Company accrues the minimum amount.

In the ordinary course of business, Carrier is routinely a defendant in, party to or otherwise subject to pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial monetary damages are asserted against the Company and our subsidiaries and could result in fines, penalties, compensatory or treble damages or non-monetary relief. We do not believe that these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

Note 26: Segment Financial Data

The Company's Chief Executive Officer, our CODM, evaluates how we allocate resources, assess performance and make strategic and operational decisions. Based upon such evaluation, Carrier determined it is organized into three operating segments, which are also our reportable segments. The CODM allocates resources to and evaluates the financial performance of each operating segment primarily based on net sales and operating profit. For the years ended December 31, 2020, 2019 and 2018, segment results are presented in accordance with this structure. Carrier's operating segments are HVAC, Refrigeration and Fire & Security.

HVAC provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Carrier's industry-leading family of brands includes Carrier, Automated Logic, BluEdge, Bryant, CIAT, Day & Night, Heil, NORESCO, Riello and Tempstar. Products include air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions. Our HVAC products and solutions are sold directly, including to building contractors and owners, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers, dealers and retail outlets.

Refrigeration is comprised of transport refrigeration and commercial refrigeration products and solutions. Transport refrigeration products and services include refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail. Transport refrigeration products and cold chain monitoring solutions are used to enable the safe, reliable transport of food and beverages, medical supplies and other perishable cargo. Commercial refrigeration solutions include refrigerated cabinets, freezers, systems and controls. Carrier's commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of retail food and beverage. The Company's Refrigeration products and services are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Refrigeration products and services are sold directly, including to transportation companies and retail stores, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers and dealers.

Fire & Security includes a wide range of residential and building systems, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems. Other fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance and repair and monitoring services.

Segment Information. Segment information for the periods presented are as follows:

	Net Sales			Operating Profit		
(DOLLARS IN MILLIONS)	**2020**	2019	2018	**2020**	2019	2018
HVAC	**$ 9,478**	$ 9,712	$ 9,713	**$ 2,462**	$ 1,563	$ 1,720
Refrigeration	**3,333**	3,792	4,095	**357**	532	1,353
Fire & Security	**4,985**	5,500	5,531	**584**	708	726
Total segment	**17,796**	19,004	19,339	**3,403**	2,803	3,799
Eliminations and other	**(340)**	(396)	(425)	**(184)**	(156)	(24)
General corporate expenses	**—**	—	—	**(136)**	(156)	(138)
Consolidated	**$ 17,456**	$ 18,608	$ 18,914	**$ 3,083**	$ 2,491	$ 3,637

Total assets are not presented for each segment as they are not presented to or reviewed by the CODM.

	Segment Assets		Capital Expenditures			Depreciation & Amortization		
(DOLLARS IN MILLIONS)	**2020**	2019	**2020**	2019	2018	**2020**	2019	2018
HVAC	**$ 2,150**	$ 1,953	**$ 188**	$ 150	$ 149	**$ 163**	$ 160	$ 164
Refrigeration	**1,125**	989	**26**	30	40	**39**	34	36
Fire & Security	**1,788**	1,728	**51**	50	45	**108**	123	141
Total segment	**5,063**	4,670	**265**	230	234	**310**	317	341
Eliminations and other	**3**	10	**47**	13	29	**26**	18	16
Consolidated	**$ 5,066**	$ 4,680	**$ 312**	$ 243	$ 263	**$ 336**	$ 335	$ 357
Cash and cash equivalents	**3,115**	952						
Other assets, current	**343**	327						
Total current assets	**$ 8,524**	$ 5,959						

Segment assets in the previous table represent accounts receivable, current contract assets and inventories, net. These assets are regularly reviewed by management and are therefore reported in the previous table as segment assets. All other remaining assets and liabilities for all periods presented are managed on a company-wide basis.

Geographic External Sales. Geographic external sales and operating profits are attributed to the geographic regions based on their location of origin. With the exception of the U.S. as presented in the following table, there were no individually significant countries with sales exceeding 10% of total sales for the years ended December 31, 2020, 2019 and 2018.

	External Sales			Long-Lived Assets	
(DOLLARS IN MILLIONS)	**2020**	2019	2018	**2020**	2019
United States Operations	**$ 9,105**	$ 9,594	$ 9,415	**$ 782**	$ 701
International Operations					
Europe	**4,935**	5,327	5,711	**490**	439
Asia Pacific	**2,655**	2,813	2,853	**249**	241
Other	**761**	874	935	**289**	282
Consolidated	**$ 17,456**	$ 18,608	$ 18,914	**$ 1,810**	$ 1,663

Product sales and Service sales. Segment sales disaggregated by product and service are as follows:

(DOLLARS IN MILLIONS)	**2020**	2019	2018
Sales Type			
Product	**$ 8,165**	$ 8,279	$ 8,395
Service	**1,313**	1,433	1,318
HVAC sales	**9,478**	9,712	9,713
Product	**2,927**	3,405	3,665
Service	**406**	387	430
Refrigeration sales	**3,333**	3,792	4,095
Product	**3,585**	4,072	4,039
Service	**1,400**	1,428	1,492
Fire & Security sales	**4,985**	5,500	5,531
Total segment sales	**17,796**	19,004	19,339
Eliminations and other	**(340)**	(396)	(425)
Consolidated	**$ 17,456**	$ 18,608	$ 18,914

Note 27: Selected Quarterly Financial Information (Unaudited)

	2020 Quarters			
(DOLLARS IN MILLIONS)	**Q1**	**Q2**	**Q3**	**Q4**
Net sales	**$ 3,888**	**$ 3,972**	**$ 5,002**	**$ 4,594**
Operating profit [1]	**$ 315**	**$ 442**	**$ 1,081**	**$ 1,245**
Net income attributable to common shareowners [2]	**$ 96**	**$ 261**	**$ 741**	**$ 884**
Earnings per share - basic [3]	**$ 0.11**	**$ 0.30**	**$ 0.86**	**$ 1.02**
Earnings per share - diluted [3]	**$ 0.11**	**$ 0.30**	**$ 0.84**	**$ 1.00**

	2019 Quarters			
(DOLLARS IN MILLIONS)	Q1	Q2	Q3	Q4
Net sales	$ 4,323	$ 4,962	$ 4,822	$ 4,501
Operating profit [1]	$ 500	$ 805	$ 629	$ 557
Net income attributable to common shareowners [2]	$ 400	$ 784	$ 492	$ 440
Earnings per share - basic [3]	$ 0.46	$ 0.91	$ 0.57	$ 0.50
Earnings per share - diluted [3]	$ 0.46	$ 0.91	$ 0.57	$ 0.50

(1) Q3 2020 and Q4 2020 Operating profit includes a $252 million and $871 million gain on the sale of our equity ownership in Beijer, respectively. Q1 2020 Operating profit includes a $71 million impairment charge related to a minority owned joint venture investment. Q3 2019 Operating profit includes a $108 million impairment charge related to a minority owned joint venture investment.

(2) Q1 2020 Net income includes a $51 million charge related to a valuation allowance recorded against a United Kingdom tax loss and a credit carryforward and a charge of $46 million resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings. Q2 2019 Net income includes a tax benefit of $149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and conclusion of a U.S. income tax audit.

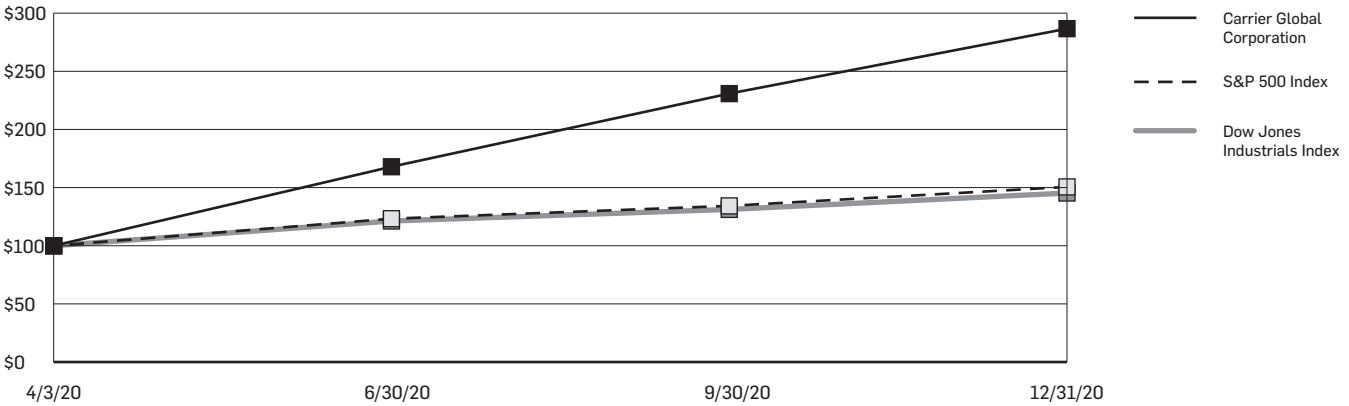
(3) Earnings per share for periods presented prior to the Separation and the Distribution were calculated using the number of shares that were distributed to UTC shareowners in the Distribution. For periods prior to the Separation and the Distribution it was assumed that there were no dilutive equity instruments as there were no equity awards in Carrier common stock outstanding prior to the Separation and the Distribution.

Note 28: Subsequent Events

On February 4, 2021 the Company's Board of Directors approved a stock repurchase program authorizing the repurchase of up to $350 million of the Company's outstanding common stock. Share repurchases may take place from time to time, subject to market conditions and at the Company's discretion in the open market or through one or more other public or private transactions.

Comparison of Cumulative Total Return

On April 3, 2020, Carrier became a public company and our shares began trading under the symbol "CARR" on the New York Stock Exchange. Before trading began on that day, UTC completed the spin-off of Carrier into a separate, publicly traded company through a pro rata distribution of Carrier's common stock to the shareowners of UTC who held shares of UTC as of the close of business on March 19, 2020. As a result of the Separation and Distribution, UTC shareowners of record received one share of Carrier common stock for every one share of UTC common stock. The Separation and Distribution are further described in our 2020 Annual Report on Form 10-K.



The cumulative total returns on Carrier common stock and each index as of each April 3, 2020 through December 31, 2020 plotted in the above graph are as follows:

COMPANY / INDEX	April 3, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Carrier Global Corporation	$ 100.00	$ 167.93	$ 230.82	$ 286.66
S&P 500 Index	$ 100.00	$ 123.27	$ 134.28	$ 150.59
Dow Jones Industrials Index	$ 100.00	$ 121.27	$ 131.23	$ 145.31

Reconciliation of Non-GAAP Measures to Corresponding GAAP Measures

Reconciliation of Segment Operating Profit to Adjusted Segment Operating Profit

(Unaudited)

	For the Year Ended December 31, 2020				
(DOLLARS IN MILLIONS)	HVAC	Refrigeration	Fire & Security	General Corporate Expenses and Eliminations and Other	Carrier
Net sales	**$ 9,478**	**$ 3,333**	**$ 4,985**	**$ (340)**	**$ 17,456**
Segment operating profit	**$ 2,462**	**$ 357**	**$ 584**	**$ (320)**	**$ 3,083**
Adjustments to segment operating profit:					
Restructuring costs	**(7)**	**(12)**	**(28)**	**(2)**	**(49)**
Impairment charge on equity method investment	**(71)**	**—**	**—**	**—**	**(71)**
Gain on sale of investment	**1,123**	**—**	**—**	**—**	**1,123**
Charge resulting from litigation matter	**(11)**	**—**	**—**	**—**	**(11)**
Separation costs	**(2)**	**(6)**	**(16)**	**(117)**	**(141)**
Total Adjustments to operating profit	**1,032**	**(18)**	**(44)**	**(119)**	**851**
Adjusted operating profit	**$ 1,430**	**$ 375**	**$ 628**	**$ (201)**	**$ 2,232**
Adjusted operating margin	**15.1%**	**11.3%**	**12.6%**		**12.8%**

Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

(Unaudited)

(DOLLARS IN MILLIONS - INCOME (EXPENSE), EXCEPT PER SHARE AMOUNTS)	For the Year Ended December 31, 2020
Net income attributable to common shareowners	**$ 1,982**
Total non-recurring and non-operational items included in operating profit	**851**
Non-recurring and non-operational items included in Interest expense, net:	
Debt issuance costs relating to Carrier's separation from UTC	**(5)**
Non-recurring and non-operational items included in Interest expense, net	**(5)**
Tax effect of restructuring and non-recurring and non-operational items	**(217)**
Significant non-recurring and non-operational items included in Income tax expense:	
Adjustment related to a valuation allowance recorded against a United Kingdom tax loss and credit carryforward as a result of separation related activities	**(51)**
Adjustment resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings	**(46)**
Deferred tax adjustment resulting from United Kingdom legislative change	**(12)**
Significant non-recurring and non-operational items included in Income tax expense	**(109)**
Total significant non-recurring and non-operational items	**520**
Adjusted net income attributable to common shareowners	**$ 1,462**
Diluted earnings per share	**$ 2.25**
Impact on diluted earnings per share	**0.59**
Adjusted diluted earnings per share	**$ 1.66**

Reconciliation of Net Cash Flows From Operating Activities to Free Cash Flow

(Unaudited)

(DOLLARS IN MILLIONS)	For the Year Ended December 31, 2020
Net cash flows provided by operating activities	**$ 1,692**
Less: Capital expenditures	**312**
Free cash flow	**$ 1,380**

Reconciliation of Long-term Debt to Net Debt and Net Income to Adjusted EBITDA

	(Unaudited)	
(DOLLARS IN MILLIONS)	Year Ended December 31, 2020	March 31, 2020[1]
Long-term debt	**$ 10,036**	**$ 11,029**
Current portion of long-term debt	**191**	**218**
Less: Cash and cash equivalents	**3,115**	**768**
Net debt	**$ 7,112**	**$ 10,479**
Net income attributable to common shareowners	**$ 1,982**	
Plus:		
Interest expense	**298**	
Income tax expense	**849**	
Depreciation and amortization	**336**	
EBITDA	**3,465**	
Less:		
Total non-recurring and non-operational adjustments, excluding interest and tax adjustments	**851**	
Non-service pension benefit	**60**	
Non-controlling interest in subsidiaries' earnings from operations	**24**	
Adjusted EBITDA	**$ 2,578**	
Net debt to adjusted EBITDA	**2.8**	

(1) On April 1 and April 2, 2020, Carrier received cash contributions totaling $590 million from UTC related to the Separation, resulting in net debt of approximately $9.9 billion as of April 3, 2020.

Use and Definitions of Non-GAAP Financial Measures

Carrier Global Corporation ("Carrier") reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP").

We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure. A reconciliation of the non-GAAP measures to the corresponding amounts prepared in accordance with GAAP appears in the tables in this Appendix. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

Organic sales, adjusted operating profit, adjusted operating margin, earnings before interest, taxes and depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted net income, adjusted earnings per share ("EPS"), the adjusted effective tax rate, and net debt are non-GAAP financial measures. Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items of a non-recurring and/or nonoperational nature (hereinafter referred to as "other significant items"). Adjusted operating profit represents operating profit (a GAAP measure), excluding restructuring costs and other significant items. Adjusted operating margin represents adjusted operating profit as a percentage of net sales (a GAAP measure). EBITDA represents net income attributable to common shareholders (a GAAP measure), adjusted for interest expense, income tax expense, and depreciation and amortization. Adjusted EBITDA represents EBITDA, as calculated above, excluding non-service pension benefit, non-controlling interest in subsidiaries' earnings from operations, restructuring costs and other significant items. Adjusted net income represents net income attributable to common shareowners (a GAAP measure), excluding restructuring costs and other significant items. Adjusted EPS represents diluted earnings per share (a GAAP measure), excluding restructuring costs and other significant items. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding restructuring costs and other significant items. Net debt represents long-term debt (a GAAP measure) less cash and cash equivalents. For the business segments, when applicable, adjustments of operating profit and operating margins represent operating profit, excluding restructuring and other significant items.

Free cash flow is a non-GAAP financial measure that represents net cash flows provided by operating activities (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing Carrier's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of Carrier's common stock and distribution of earnings to shareowners.

Board of Directors

John V. Faraci
Executive Chairman
Carrier Global Corporation

Jean-Pierre Garnier, Ph.D.
Lead Independent Director
Former Chief Executive Officer
GlaxoSmithKline plc

David Gitlin
President & Chief Executive Officer
Carrier Global Corporation

John J. Greisch
Former President & Chief Executive Officer
Hill-Rom Holdings, Inc.

Charles M. Holley, Jr.
Former Executive Vice President &
Chief Financial Officer
Wal-Mart Stores, Inc.

Michael M. McNamara
Chairman
PCH International Holdings
Venture Partner
Eclipse Ventures

Michael A. Todman
Former Vice Chairman
Whirlpool Corporation

Virginia M. Wilson
Former Senior Executive Vice President &
Chief Financial Officer
Teachers Insurance and Annuity Association of America

COMMITTEES

Audit Committee
Charles M. Holley, Jr., Chair
Michael M. McNamara
Michael A. Todman
Virginia M. Wilson

Compensation Committee
John J. Greisch, Chair
Jean-Pierre Garnier, Ph.D.
Charles M. Holley, Jr.
Michael A. Todman

Governance Committee
Jean-Pierre Garnier, Ph.D., Chair
John J. Greisch
Michael M. McNamara
Virginia M. Wilson

Leadership

John V. Faraci *
Executive Chairman

David Gitlin *
President & Chief Executive Officer

Ajay Agrawal *
Senior Vice President, Strategy & Services

David Appel *
President, Refrigeration

Eva Azoulay
Senior Vice President,
Global Business Services & Transformation

Kyle Crockett *
Vice President, Controller

Bobby George
Senior Vice President & Chief Digital Officer

Patrick Goris *
Senior Vice President & Chief Financial Officer

Rishi Grover
Senior Vice President, Operations

Christopher Kmetz
Senior Vice President, Engineering

Mary Milmoe
Vice President, Communications & Marketing

Christopher Nelson *
President, HVAC

Kevin O'Connor *
Senior Vice President & Chief Legal Officer

Jurgen Timperman *
President, Fire & Security

Nadia Villeneuve *
Senior Vice President &
Chief Human Resources Officer

* Executive Officer

Shareowner Information

Corporate Office
Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418
561.365.2000
www.corporate.carrier.com

This report is made available to shareowners in advance of the annual meeting of shareowners scheduled to be held at 8 a.m. Eastern Time on April 19, 2021, in a virtual-only format to protect the health of our shareowners, directors and employees during the COVID-19 pandemic. The proxy statement will be made available to shareowners on or about March 8, 2021, and will provide additional information about voting and participating in the meeting.

Stock Listing
New York Stock Exchange (ticker symbol "CARR")

Transfer Agent and Registrar
Computershare Trust Company, N.A., is the transfer agent, registrar and dividend disbursing agent for Carrier's common stock. Questions and communications from registered shareowners should be directed to:

Computershare Trust Company, N.A.
462 South 4th Street
Suite 1600
Louisville, KY 40202
866.507.8028
781.575.3345 (outside U.S.)
www.computershare.com/investor

Electronic Access or Delivery of Shareowner Communications
Registered shareowners can help conserve natural resources and reduce printing and mailing costs incurred by Carrier by signing up for electronic communications, including annual meeting materials, stock plan statements and tax documents, at: *www.computershare-na.com/green.*

Beneficial shareowners may be able to request electronic access or delivery by contacting their broker or bank, or Broadridge Financial Solutions at: *www.investordelivery.com.*

2020 Annual Report on Form 10-K
Copies of the Carrier Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission can be accessed and downloaded via our website at: *https://ir.carrier.com/financials/sec-filings.*

Copies also can be obtained, without charge, from:

Carrier Corporate Secretary
Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418
corpsec@carrier.com

Investor Relations
Investor Relations
Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418
investorrelations@carrier.com

This report is printed with soy-based inks in a facility powered by 100% renewable wind energy. All paper used in this report is certified to Forest Stewardship Council® (FSC®) standards. The paper for the cover and narrative sections is produced using 80% renewable electricity and is manufactured with a minimum of 10% recycled fiber. The paper for the financial section is manufactured in facilities where 72% of the energy in their pulp and paper mills comes from renewable biomass fuels.

Carrier Global Corporation and its subsidiaries' names, abbreviations thereof, logos, and product and service designators are either the registered or unregistered trademarks or trade names of Carrier Global Corporation and its affiliates and subsidiaries. Names of other companies, abbreviations thereof, logos of other companies, and product and service designators of other companies are either the registered or unregistered trademarks or trade names of their respective owners.

13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418
www.corporate.carrier.com

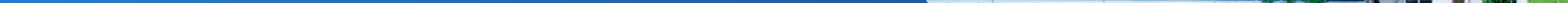


EXHIBIT A

MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
N.J.S.A. 10:5-31 et seq. (P.L. 1975, C. 127)
N.J.A.C. 17:27

GOODS, PROFESSIONAL SERVICE AND GENERAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union of the contractor's commitments under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. l7:27-5.2.

The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

- Letter of Federal Affirmative Action Plan Approval;
- Certificate of Employee Information Report; or
- Employee Information Report Form AA-302 (electronically provided by the Division and distributed to the public agency through the Division's website at: http:// www.state.nj.us/treasury/contract_compliance/.

The contractor and its subcontractors shall furnish such reports or other documents to the Division of Purchase & Property, CCAU, EEO Monitoring Program as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Purchase & Property, CCAU, EEO Monitoring Program for conducting a compliance investigation pursuant to N.J.A.C. 17:27-1.1 et seq.

(*Revised: January, 2016*)

Signature Jeff Litz Digitally Signed by: Jeff Litz
Email: jeff.litz@carrier.com
Date: 2021.03.15

Date 3/15/2021

Carrier

The CRRSA Act (ESSER II) — Funding Indoor Air Quality (IAQ) Improvements in K-12 Schools

What is the CRRSA Act?

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Act, 2021) requires the U.S. Department of Education, to reserve 1% of the **$82 billion** appropriated for the Education Stabilization Fund for the Elementary and Secondary School Emergency Relief Fund (ESSER II Fund).

The ESSER II Fund is based on the proportion that each State received under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) in the most recent fiscal year. ESEA Section 1122 calculates State or local allocations for any other program administered by the Secretary, including the ESSER II Fund. Therefore, to determine the ESSER II Fund allocations, the Department used the fiscal year 2020 State shares of Title I, Part A allocations without the application of the hold harmless provisions in ESEA section 1122.

Guidelines for Using CRRSA Act Funding

The CRRSA Act requires that the payments from the Coronavirus Relief Fund only be used to cover the same expenses that have been covered by the ESSER Fund (CARES Act).

The "additional" local education agencies (LEAs) allowable uses of funds under the CRRSA Act (addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings) are already permitted under the CARES Act.

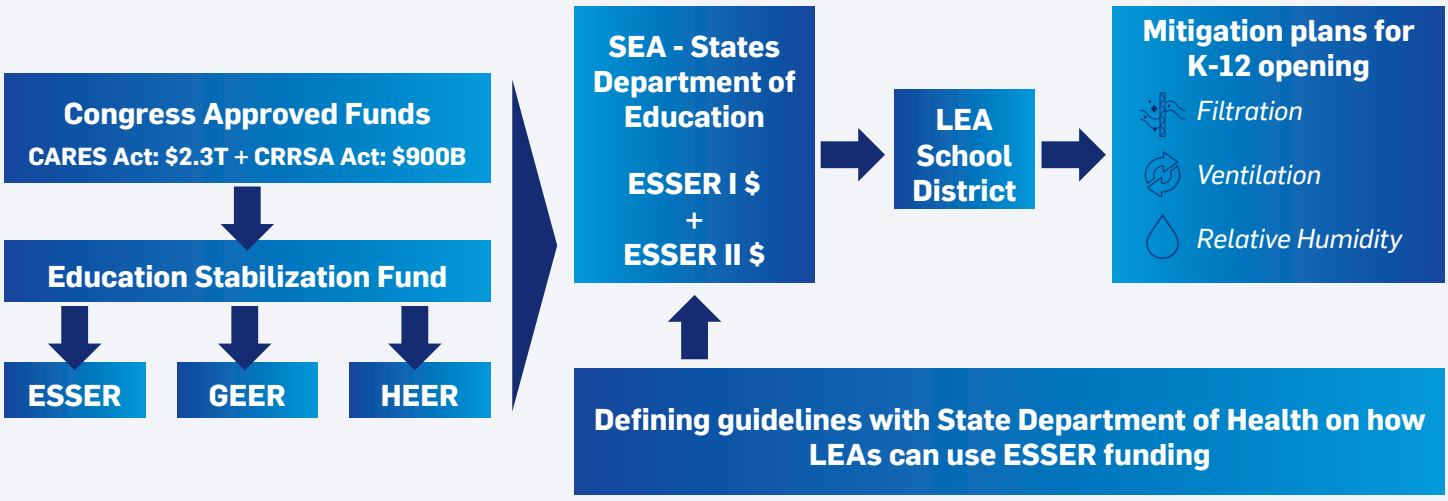
More info: https://oese.ed.gov/files/2021/01/Final_ESSERII_Factsheet_1.5.21.pdf

CRRSA Act Funding Breakdown for Education

Of the $900 billion-dollar CRRSA Act funding, ***$82 billion-dollars*** is reserved for the ***Education Stabilization Fund***. This fund is then divided to provide initial relief to states and districts facing education challenges stemming from the coronavirus.

The ***$54 billion Elementary & Secondary School Emergency Relief (ESSER II) Fund***. States must allocate 90% of the funding to districts, including charter schools. Districts have flexibility on how to target the funds they receive, including how and which schools are funded. States have flexibility on how to target the 10% of funding they retain.[1]

The ***$4.0 billion Governor's Emergency Education Relief (GEER II) Fund***. States will receive funds based on a combination of both school-age population and rates of poverty, and governors have wide discretion over use of these funds to support K-12 or higher education.[2]



Nothing in this publication intended as legal or tax advice. Please consult your professional advisors.

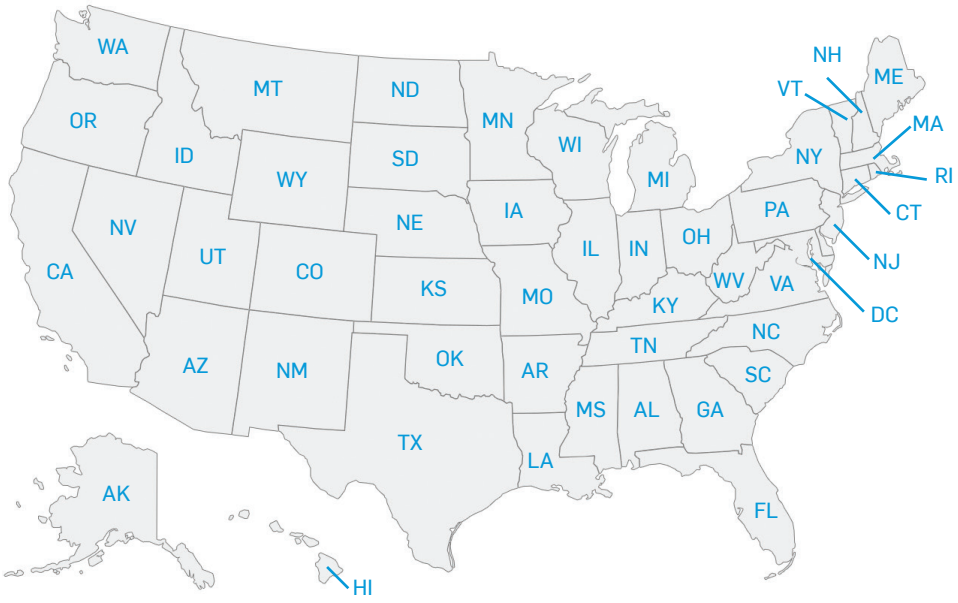
Elementary & Secondary School Emergency Relief Fund (ESSER)

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA), passed on Dec. 27, 2020, provided $54.3 billion in supplemental ESSER funding, known as the ESSER II fund.[1]

States receive funds based on the same proportion that each state receives under the Elementary & Secondary Education Act (ESEA) Title I-A. States must distribute at least 90% of funds to local education agencies (LEAs) based on their proportional share of ESEA Title I-A funds. States have the option to reserve 10% of the allocation for emergency needs as determined by the state to address issues responding to the COVID-19 pandemic.[2]

Click on a state to download the state guidance to LEAs.

The CARES Act ESSER Tracker can be viewed here.



[1, 2] *CARES Act Elementary & Secondary School Emergency Relief Fund Tracker,* NCSL. https://www.ncsl.org/ncsl-in-dc/standing-committees/education/cares-act-elementary-and-secondary-school-emergency-relief-fund-tracker.aspx

Four Ways to Improve Indoor Air Quality

Carrier can help you evaluate—and if necessary upgrade—four essential aspects of your school's current HVAC system to make sure it delivers a high level of indoor air quality (IAQ) to support key wellness initiatives.

1. **improve FILTRATION**
   The higher the MERV rating, the more efficient the filter. ASHRAE recommends MERV 13 or higher for K-12 schools whenever possible.
2. **UV LAMPS/ IONIZATION**
   UV lights not only kill pathogens—they keep coils clean, which reduces pressure drop and enables the installation of more sophisticated air filters.
3. **relative HUMIDITY**
   Keeping indoor humidity within the ASHRAE 55 suggested range (40% and 60%) can minimize the effects of bacteria and certain allergens.
4. **increased VENTILATION**
   Bringing in more fresh outside air to replace indoor air can help reduce airborne contaminants.

Carrier OptiClean™

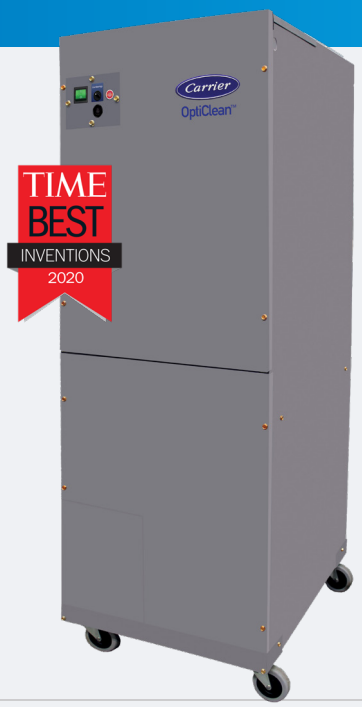
Dual-Mode Air Scrubber & Negative Air Machine

- Rapid deployment—just roll it in and plug the cord into any outlet
- High-efficiency HEPA air filtration— 99.97% efficient long-life HEPA filter inactivates particles trapped on the filter as small as 0.3 microns
- Portable, flexible, and easy to reconfigure—ideal when requirements can change quickly and unpredictably; it moves easily from room to room, and can be operated vertically or horizontally
- Supplements your existing system—quickly reduces airborne particles without replacing or modifying your installed HVAC equipment
- Easy to specify—for example, to get 6 air changes per hour in a room with a 10' ceiling, you'll need 1 CFM of scrubbing for every ft^2 of floor space
- Choose from two sizes—600 and 1500 CFM

For more information, visit ***carrier.com/opticlean***

OptiClean™ in the Media

- Northern California School District Installs 1,500 Carrier OptiClean Units to Support Healthier Indoor Environments
- TIME Names Carrier's OptiClean™ a Best Invention of 2020
- Southern California School District to Install 3,700 Carrier OptiClean™ Units to Help Improve Indoor Air Quality for Students, Teachers and Staff
- Alvord Unified School District to Install 1,500 Carrier OptiClean™ Units to Help Improve Indoor Air Quality as Schools Prepare to Reopen
- Carrier Launches Higher-Capacity OptiClean™ Air Scrubber for Healthier Indoor Air Quality in K-12 Schools
- New Carrier OptiClean™ Negative Air Machine to Help Hospitals Support Airborne Infectious Isolation Rooms



Nothing in this publication intended as legal or tax advice. Please consult your professional advisors.

©2021 Carrier. All Rights Reserved.

California Direct Purchasing Contract - CMAS

What is Direct Purchasing & Who Can Use It?

California Multiple Award Schedules (CMAS) allows state and local agencies ("Authorized User") the ability to replace equipment and services quickly and efficiently in support of their missions and everyday needs.

By definition, a state or local government agency is any city, county, district, or other local governmental body, including California State University (CSU) and University of California (UC) systems, K-12 public schools and community colleges.

How Do I Buy?

Three easy steps...

- Contact your local Sigler representative for equipment, controls or parts needs
- Communicate your intention to use CMAS direct purchasing contract
- Your local representative will work with Carrier to fulfill your requirements in accordance with the terms of the contract

Please visit the **CMAS FAQs** for more information.

CONTRACT INFORMATION

Contract No:
4-20-51-0084A

Contract Period:
2/19/2020 to 3/19/2024

For Use By:
State & Local Governments

Carrier Contact:
Brian Meneghan | **518-415-2003**
brian.meneghan@carrier.com

Reseller:
Sigler SoCal | **Carlos Martinez**
cmartinez@siglers.com

Sigler NoCal | **Zach Blake**
zblake@siglers.com

Helpful Links:
CMAS | **State of Emergency Use** | **FEMA Co-Op**

Competitively-Priced OEM & Aftermarket Parts

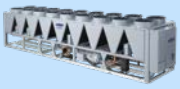
Our experienced parts team is dedicated to serving commercial national accounts and can help satisfy your parts needs for both Factory Authorized Parts designed for Carrier equipment as well as our Totaline aftermarket brand which can be used on **ANY BRAND** of equipment.

You can reach our parts specialists at **833-763-0260** or via email at **carriernationalparts@carrier.com**

Turn to the experts in cooling, heating, ventilating, heat pumps, and heat recovery chillers and electrification for temporary and permanent facilities.

Chillers

- *Air-Cooled:* 10 to 500 tons
- *Water-Cooled:* 16 to 3,400 tons
- Screw, scroll, centrifugal
- Heat Recovery



30XV
Air-Cooled Liquid Screw Chiller

19DV
Water-Cooled Centrifugal Chiller

30RB
Air-Cooled Liquid Scroll Chiller

19XR
Semi-Hermetic Centrifugal Chiller

Air Handlers

- 1,000 to 300,000 Cfm
- Single/Double Wall
- Custom
- Indoor/Outdoor

39CC
Custom Air Handler

39M
Semi-Custom Air Handler

39L
Indoor Air Handler

39S
Indoor/Outdoor Small Air Handler

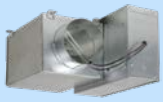
Air Terminals

- Single-duct units
- Series fan-powered
- Fan coil unit
- Unit ventilator

45N
Fan-Powered Air Terminal

40UV
Unit Ventilator

42CG
Cabinet Fan Coil



35E
Single-Duct Terminal

Packaged Rooftop Units

- 3-Phase Heat Pumps
- Cooling Only
- Electric Heat
- Hybrid Heat

48A
Single Packaged Rooftop Unit

48FC
Gas Heat/Electric Cooling

50LC
Electric Cooling Unit

50KCQ
3-Phase Heat Pump

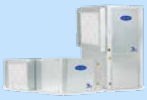
62X
Dedicated Outdoor Air Unit

Water Source Heat Pumps

- Console Units
- Vertical
- Horizontal
- Water-to-Water

50PEC
Console WSHP

50PSW
Water-to-Water WSHP



50PCV
Constant Volume WSHP

50HQP
Large Capacity WSHP

Controls

- i-Vu® Building Automation System
- Sensors
- Thermostats
- BACnet Controllers
- Carrier Comfort Network

i-Vu® Building Automation System

Carrier Connect BACnet Thermostats

ZS Series Sensors

CCN TouchPilot™ Controller

i-Vu® RTU Open

Talk with an Expert in Temporary and Rapid-Deployment HVAC Solutions Today.

Carrier
Turn to the experts

Manufacturer reserves the right to discontinue, or change at any time, specifications or designs, without notice and without incurring obligations.
© 2020 Carrier

Carrier

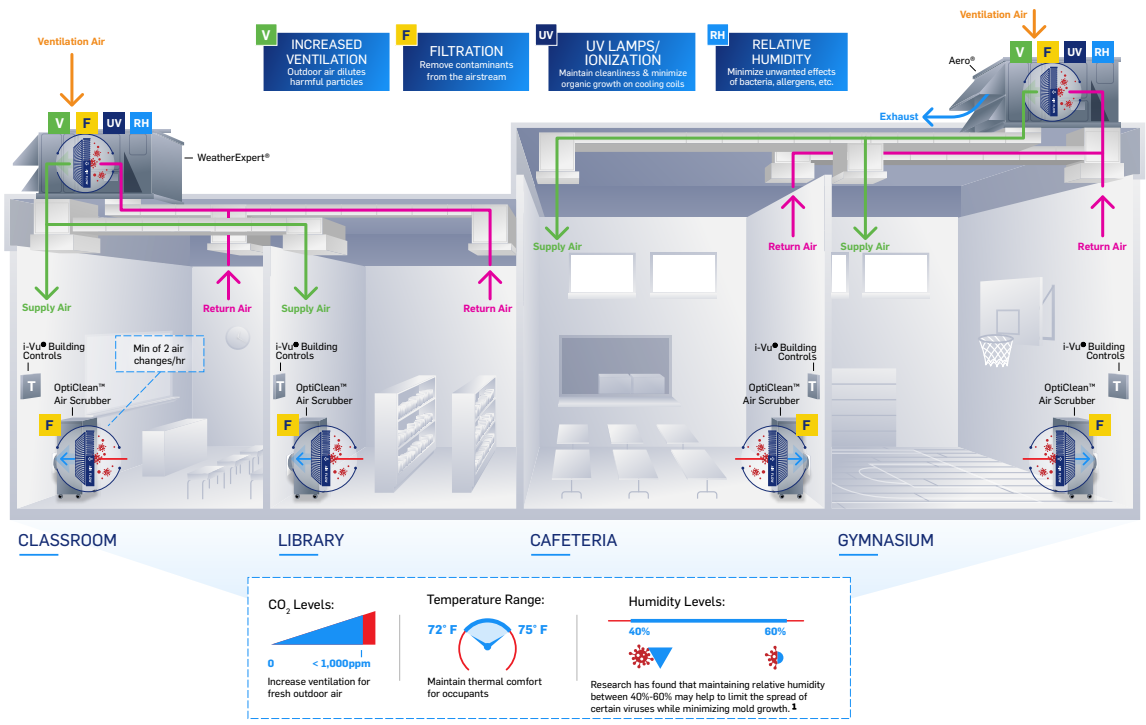
Indoor Air Quality (IAQ) Solutions

Improve the Indoor Air Quality in Your K-12 School

The quality of the air inside K–12 classrooms and other indoor spaces has never been a more critical issue. And the experts at Carrier are ready to help.

We'll help you evaluate—and if necessary upgrade—four essential aspects of your school's current HVAC system to make sure it delivers the high level of indoor air quality (IAQ) necessary to support key wellness initiatives.

Indoor air quality (IAQ) *is defined as the air quality within and around buildings and structures. IAQ is known to affect the health, comfort and well-being of building occupants.*



*HEPA filter is 99.97% effective for particles that are 0.3 microns or larger.

[1] Leslie Dietz et al., "2019 Novel Coronavirus (COVID-19) Pandemic: Built Environment Considerations To Reduce Transmission," mSystems, Volume 5, Issue 2, March/April 2020, April 23, 2020, https://msystems.asm.org/content/5/2/e00245-20.

HOW TO BUY IN 3 EASY STEPS

1. Contact your local Carrier rep for equipment, service or parts needs.
2. Communicate your intention to use NYS purchasing contract # 23150.
3. Your local representative will work with Carrier to fulfill your requirements in accordance with the terms of the contract.

CONTRACT INFORMATION

NYS CONTRACT/GROUP NO.
23150 | 77201

CARRIER CONTRACT NO.
PT68766

CONTRACT PERIOD
3/17/2020 - 9/26/2024

FOR USE BY
All NY State & Local Gov'ts

CONTRACT OFFERING
Equipment, Controls, Parts
Installation & Service

NYS CONTACT
Michael DeCicco
518-474-3562

CARRIER CONTACT
Paul Witz
paul.witz@carrier.com
315-317-2481

HELPFUL LINKS
Contract Link
Carrier Website
FEMA Co-Op

LOCAL CARRIER REPS

CARRIER ENTERPRISE
Central NY: Matt Farrell
matthew.farrell@carrierenterprise.com
Western NY: Tim Goetzman
timothy.goetzman@carrierenterprise.com

RJ MURRAY
Hudson Valley & North Country:
Chuck Kabrehl | ckabrehl@rjmurray.com

CARRIER COMMERCIAL SERVICE
Joe Ison | joseph.e.ison@carrier.com

Four ways to improve your school's indoor air quality— without replacing your current HVAC system:

V increased VENTILATION

We'll recommend the quickest, most cost-effective ways to bring more fresh outside air into your school's HVAC system and indoor spaces—from simple tweaks and settings adjustments to adding new or retrofit equipment.

One option: Install an OEM or retrofit Economizer feature on your packaged rooftop unit(s), and enjoy the money-saving benefits of free cooling while introducing more fresh air into your learning spaces.

Bringing in more fresh outside air to replace indoor air can help reduce airborne pathogens and other contaminants.

F FILTRATION

After evaluating your HVAC system, we'll recommend filters with the highest MERV rating your equipment can handle and help you select OptiClean™ units to supplement your existing system.

The higher the MERV rating, the more efficient the filter. ASHRAE recommends MERV 13 for K-12 schools whenever possible.

UV UV LAMPS/ IONIZATION

UV lights not only kill pathogens—they keep coils clean, which reduces pressure drop and enables the installation of more sophisticated air filters.

We'll suggest options for UV lights to keep your coils' surfaces clean.

UV lights not only kill pathogens—they keep coils clean, which reduces pressure drop and enables the installation of more sophisticated air filters.

RH relative HUMIDITY

Depending on your building design and location, you may need to add OR remove humidity to meet ASHRAE's guidelines.

Possible recommendations: If your school is in a hot, humid state, we may suggest our Humidi-MiZer® adaptive dehumidification system. If your school's air is too dry, we'll refer you to companies that specialize in humidifiers.

Keeping indoor humidity within the ASHRAE 55 suggested range (40% and 60%) can minimize the effects of bacteria and allergens.

Products

AIR HANDLERS

1,000 to 300,000 Cfm
Single/Double Wall
Custom
Indoor/Outdoor

39CC
Custom Air Handler

39M
Semi-Custom Air Handler

39S
Indoor/Outdoor Small Air Handler

PACKAGED RTUS

3-Phase Heat Pumps
Cooling Only
Electric Heat
Hybrid Heat

48A
Single Packaged Rooftop Unit

48FC
Gas Heat/ Electric Cooling

50KCQ
3-Phase Heat Pump

CONTROLS

i-Vu® Building Automation System
Sensors & Thermostats
BACnet Controllers
Carrier Comfort Network

i-Vu® Building Automation System

Carrier Connect Thermostats

ZS Series Sensors

i-Vu® RTU Open

Carrier OptiClean™

Air Scrubber

- Rapid deployment—just roll it in and plug the cord into any outlet
- High-efficiency HEPA air filtration— 99.97% efficient long-life (~40,000 hour) HEPA filter removes particles as small as 0.3 microns
- Portable, flexible, and easy to reconfigure—ideal when requirements can change quickly and unpredictably; it moves easily from room to room, and can be operated vertically or horizontally
- Supplements your existing system—quickly reduces airborne pathogens without replacing or modifying your installed HVAC equipment
- Easy to specify—for example, to get 6 air changes per hour in a room with a 10' ceiling, you'll need 1 CFM of scrubbing for every ft^2 of floor space
- Choose from two sizes—500 and 1500 CFM

For more information, visit **carrier.com/opticlean**

Manufacturer reserves the right to discontinue, or change at any time, specifications or designs, without notice and without incurring obligations.

©2020 Carrier. All Rights Reserved.

Standard Product Warranty

COMMERCIAL EQUIPMENT

GENERAL LIMITED WARRANTY STATEMENT

Carrier Corporation (hereinafter "Company") warrants this product against failure due to defect in materials or workmanship under normal use and maintenance as follows. All warranty periods begin on the date of initial operation or 6 months from the date of shipment, whichever is earlier. If a part fails due to defect during the applicable warranty period Company will provide a new or remanufactured part, at Company's option, to replace the failed defective part at no charge for the part. Alternatively, and at its option, the Company will allow a credit in the amount of the then factory selling price for a new equivalent part toward the retail purchase price of a new Company product. Except as otherwise stated herein, those are Company's exclusive obligations under this warranty for a product failure. This limited warranty is subject to all provisions, conditions, limitations and exclusions listed below and on the reverse (if any) of this document.

PERIODS AND SCOPE OF COVERAGE

ONE YEAR LIMITED WARRANTY — Company provides a One Year Limited Warranty on all parts and components integral to the Carrier product identified above.

THREE YEAR LIMITED WARRANTY ON MICROCHANNEL CONDENSER COIL ONLY — Where an all aluminum air-cooled condenser coil manufactured with the microchannel technology is supplied by Carrier as an integral part of the product identified above, Company provides a Three Year Limited Warranty on the microchannel condenser coil.

GENERAL CONDITIONS

1. This warranty is to the original purchasing end user and is not assignable.
2. Installation, use, care and maintenance must be normal and in accordance with instructions contained in the Installation Instructions, Owner's Manual and Company's service information.
3. Carrier reserves the right to require the return, transportation charges prepaid by customer, of any and all parts or components claimed to be defective.

LIMITATIONS OF WARRANTIES: ALL IMPLIED WARRANTIES AND/OR CONDITIONS (INCLUDING IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE OR PURPOSE) ARE LIMITED TO THE DURATION OF THIS LIMITED WARRANTY. SOME STATES OR PROVINCES DO NOT ALLOW LIMITATIONS ON HOW LONG AN IMPLIED WARRANTY OR CONDITION LASTS, SO THE ABOVE MAY NOT APPLY TO YOU. THE EXPRESS WARRANTIES MADE IN THIS WARRANTY ARE EXCLUSIVE AND MAY NOT BE ALTERED, ENLARGED, OR CHANGED BY ANY DISTRIBUTOR, DEALER, OR OTHER PERSON, WHATSOEVER.

CARRIER CORPORATION • Syracuse, New York 13221

Form No. U.E.D. 1855 (Rev 5/09) Catalog No. 590-033

THIS WARRANTY DOES NOT COVER:

1. Labor or other costs incurred for diagnosing, repairing, removing, installing, shipping, servicing or handling of either defective parts, or replacement parts, or new units.
2. Any product purchased over the Internet.
3. Normal maintenance as outlined in the installation and servicing instructions or Owner's Manual, including filter cleaning and/or replacement and lubrication.
4. Failure, damage or repairs due to faulty installation, misapplication, abuse, improper servicing, unauthorized alteration or improper operation.
5. Failure to start due to voltage conditions, blown fuses, open circuit breakers, or damages due to the inadequacy or interruption of electrical service.
6. Failure or damage due to floods, winds, fires, lightning, accidents, corrosive environments (rust, etc) or other conditions beyond the control of Company.
7. Damage due to freezing of water, inadequate or interrupted water supply, use of corrosive water or rearrangement of plumbing system.
8. Parts not supplied or designated by Company, or damages resulting from their use.
9. Products installed outside the U.S.A. or its territories and Canada.
10. Electricity or fuel costs, or increases in electricity or fuel costs from any reason whatsoever, including additional or unusual use of supplemental electric heat.
11. Any cost to replace, refill or dispose of refrigerant, including the cost of refrigerant.
12. **ANY SPECIAL, INDIRECT OR CONSEQUENTIAL PROPERTY OR COMMERCIAL DAMAGE OF ANY NATURE WHATSOEVER.**

Some states or provinces do not allow the exclusion of incidental or consequential damages, so the above limitation may not apply to you.

Name of Owner _____ Unit Model _____ Date of Installation _____

Address of Installation _____

Unit Serial No. _____ Installed by _____

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY

33 WEST STATE STREET, P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230

DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN FORM

BID SOLICITATION #: _____ **VENDOR/BIDDER:** Automated Logic Contracting Srvcs

PART 1

CERTIFICATION

VENDOR/BIDDER MUST COMPLETE PART 1 BY CHECKING ONE OF THE BOXES

FAILURE TO CHECK ONE OF THE BOXES WILL RENDER THE PROPOSAL NON-RESPONSIVE

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person nor entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of the Treasury's Chapter 25 list as a person or entity engaged in investment activities in Iran. The Chapter 25 list is found on the Division's website at http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf. Vendors/Bidders **must** review this list prior to completing the below certification. **Failure to complete the certification will render a Vendor's/Bidder's proposal non-responsive**. If the Director of the Division of Purchase and Property finds a person or entity to be in violation of the law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

CHECK THE APPROPRIATE BOX

☑ A. I certify, pursuant to Public Law 2012, c. 25, that neither the Vendor/Bidder listed above nor any of its parents, subsidiaries, or affiliates is listed on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). Disregard Part 2 and complete and sign the Certification below.

OR

☐ B. I am unable to certify as above because the Vendor/Bidder and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below. Failure to provide such information will result in the proposal being rendered as nonresponsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

PART 2

PLEASE PROVIDE ADDITIONAL INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

If you checked Box "B" above, provide a detailed, accurate and precise description of the activities of the Vendor/Bidder, or one of its parents, subsidiaries or affiliates, engaged in the investment activities in Iran by completing the boxes below.

ENTITY NAME: _____
RELATIONSHIP TO VENDOR/BIDDER: _____
DESCRIPTION OF ACTIVITIES: _____
DURATION OF ENGAGEMENT: _____
ANTICIPATED CESSATION DATE: _____
VENDOR/BIDDER CONTACT NAME: _____
VENDOR/BIDDER CONTACT PHONE No.: _____

Attach Additional Sheets If Necessary.

CERTIFICATION

I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor/Bidder, that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor/Bidder is under a continuing obligation from the date of this certification through the completion of any contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I will be subject to criminal prosecution under the law, and it will constitute a material breach of my agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

Jeff Litz
Signature

3/15/2021
Date

Jeff Litz - Business Manager
Print Name and Title

STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE

Taxpayer Name:	AUTOMATED LOGIC CONTRACTING SERVICES INC
Trade Name:	
Address:	1150 ROBERTS BLVD KENNESAW, GA 30144-3618
Certificate Number:	1005364
Effective Date:	July 17, 2003
Date of Issuance:	October 29, 2013

For Office Use Only:

20131029164522897

Form AA302
Rev. 11/11

STATE OF NEW JERSEY

Division of Purchase & Property
Contract Compliance Audit Unit
EEO Monitoring Program

EMPLOYEE INFORMATION REPORT

IMPORTANT-READ INSTRUCTIONS CAREFULLY BEFORE COMPLETING FORM. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM AND TO SUBMIT THE REQUIRED $150.00 FEE MAY DELAY ISSUANCE OF YOUR CERTIFICATE. DO NOT SUBMIT EEO-1 REPORT FOR SECTION B, ITEM 11. For Instructions on completing the form, go to: http://www.state.nj.us/treasury/contract_compliance/pdf/aa302ins.pdf

SECTION A - COMPANY IDENTIFICATION

1. FID. NO. OR SOCIAL SECURITY: 82-0540614

2. TYPE OF BUSINESS: ☒ 1. MFG ☐ 2. SERVICE ☐ 3. WHOLESALE ☐ 4. RETAIL ☐ 5. OTHER

3. TOTAL NO. EMPLOYEES IN THE ENTIRE COMPANY: 866

4. COMPANY NAME: AUTOMATED LOGIC CONTRACTING SERVICES, INC.

5. STREET	CITY	COUNTY	STATE	ZIP CODE
100 DELAWANA AVENUE, STE	CLIFTON	PASSAIC	NJ	07014

6. NAME OF PARENT OR AFFILIATED COMPANY (IF NONE, SO INDICATE)	CITY	STATE	ZIP CODE
AUTOMATED LOGIC CORP	KENNESAW	GA	30144

7. CHECK ONE: IS THE COMPANY: ☐ SINGLE-ESTABLISHMENT EMPLOYER ☒ MULTI-ESTABLISHMENT EMPLOYER

8. IF MULTI-ESTABLISHMENT EMPLOYER, STATE THE NUMBER OF ESTABLISHMENTS IN NJ: 1

9. TOTAL NUMBER OF EMPLOYEES AT ESTABLISHMENT WHICH HAS BEEN AWARDED THE CONTRACT: 127

10. PUBLIC AGENCY AWARDING CONTRACT	CITY	COUNTY	STATE	ZIP CODE
Wanaque School District	Haskell	Passaic	NJ	07420

Official Use Only	DATE RECEIVED	INAUG.DATE	ASSIGNED CERTIFICATION NUMBER

SECTION B - EMPLOYMENT DATA

11. Report all permanent, temporary and part-time employees ON YOUR OWN PAYROLL. Enter the appropriate figures on all lines and in all columns. Where there are no employees in a particular category, enter a zero. Include ALL employees, not just those in minority/non-minority categories, in columns 1, 2, & 3. *DO NOT SUBMIT AN EEO-1 REPORT.*

JOB CATEGORIES	ALL EMPLOYEES			PERMANENT MINORITY/NON-MINORITY EMPLOYEE BREAKDOWN										
				********** MALE **********					********** FEMALE **********					
	COL. 1 TOTAL (Cols.2 &3)	COL. 2 MALE	COL. 3 FEMALE	BLACK	HISPANIC	AMER. INDIAN	ASIAN	NON MIN.	BLACK	HISPANIC	AMER. INDIAN	ASIAN	NON MIN.
Officials/ Managers	14	12	2	0	1	0	0	11	0	0	0	1	1
Professionals	30	25	5	1	1	0	3	20	1	1	0	0	3
Technicians	39	38	1	5	4	0	5	24	0	1	0	0	0
Sales Workers	12	15	0	0	2	0	0	9	0	0	0	0	1
Office & Clerical	6*	0	6*	0	0	0	0	0	0	1	0	1	3
Craftworkers (Skilled)	0	0	0	0	0	0	0	0	0	0	0	0	0
Operatives (Semi-skilled)	0	0	0	0	0	0	0	0	0	0	0	0	0
Laborers (Unskilled)	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	101*	90	14	6	8	0	8	64	1	3	0	2	8
Total employment From previous Report (if any)	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary & Part-Time Employees	The data below shall NOT be included in the figures for the appropriate categories above.													
	0	0	0	0	0	0	0	0	0	0	0	0	0	0

12. HOW WAS INFORMATION AS TO RACE OR ETHNIC GROUP IN SECTION B OBTAINED?
☐ 1. Visual Survey ☒ 2. Employment Record * ☐ 3. Other (Specify)
(* not listed employee reporting two or more races)

14. IS THIS THE FIRST Employee Information Report Submitted?
1. YES ☐ 2. NO ☒

15. IF NO, DATE LAST REPORT SUBMITTED
MO. 03 DAY 04 YEAR 2020

13. DATES OF PAYROLL PERIOD USED
From: Snapshot To: 5/1/2020

SECTION C - SIGNATURE AND IDENTIFICATION

16. NAME OF PERSON COMPLETING FORM (Print or Type)	SIGNATURE	TITLE	DATE
C. Timothy Branner, II	C. Timothy Branner, II	SrMgr EEO & HR Compli	MO 05 DAY 06 YEAR 2020

17. ADDRESS NO. & STREET	CITY	COUNTY	STATE	ZIP CODE	PHONE (AREA CODE, NO.,EXTENSION)
13995 Pasteur Blvd	Palm Beach Garden	Palm Beach	FL	33418	561 - 365 - 1417

Moving forward this submission has been and future submissions will be adjusted to reflect only the Automated Logic Contracting Services workforce at this location and not the full location population.

Certificate Number
664832

Registration Date: 09/14/2020
Expiration Date: 09/13/2022

State of New Jersey

Department of Labor and Workforce Development
Division of Wage and Hour Compliance

Public Works Contractor Registration Act

Pursuant to N.J.S.A. 34:11-56.48, et seq. of the Public Works Contractor Registration Act, this certificate of registration is issued for purposes of bidding on any contract for public work or for engaging in the performance of any public work to:

Automated Logic Contracting Services Inc

2020

Responsible Representative(s):

Jeff Litz, Manager

Robert Asaro-Angelo, Commissioner
Department of Labor and Workforce Development

NON TRANSFERABLE

This certificate may not be transferred or assigned and may be revoked for cause by the Commissioner of Labor and Workforce Development.

Association of Educational Purchasing Agencies

Tabulation Report IFB #021.75 - HVAC and Mechanical Products and Solutions
Vendor: Carrier Corporation

General Comments:

General Attachments:
AEPA 021.5-A Part E - Signature Forms - HVAC - 5-28-21(signed JBS).pdf
AEPA 021.75 Part B - Specifications - HVAC.pdf
AEPA 021.75 Part C - Member Agency (State) Terms and Conditions - HVAC - Final.pdf
AEPA 021.75 Part D - Questionnaire - HVAC - Final updated 5.26.21.docx
AEPA 021.75 Part F - Pricing Schedule Workbook - Final updated 5.26.21.xlsx
_Assistant Secretary Certificate RE Carrier Parent Company.docx.pdf
Carrier-2020-ESG-Report.pdf
Carrier Directory - parts stores, service offices, and distributors.pdf
cert_NYC_CARRIER GLOBAL CORPORATION_10810117_7.pdf
CGC 10 K 2020.pdf
Exhibit A Financial Health Document by Carrier Corporation.pdf
EXHIBIT A.pdf
Exhibit B Marketing by Carrier Corporation.pdf
Exhibit C Product Warranties by Carrier Corporation.pdf
Iran Disclosure.pdf
NJ AA302 Form.pdf
N.J. Department of Treasury Business Certificate.pdf
NJ Public Works Registration Expires 9_13_2022.pdf
Price List-Catalog by Carrier Corporation.pdf
W9 Carrier Corporation.pdf