

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-39221

**OTIS**

**OTIS WORLDWIDE CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

83-3789412

(I.R.S. Employer Identification No.)

One Carrier Place, Farmington, Connecticut 06032

(Address of principal executive offices, including zip code)

(860) 674-3000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock (\$0.01 par value)	OTIS	New York Stock Exchange
0.318% Notes due 2026	OTIS/26	New York Stock Exchange
0.934% Notes due 2031	OTIS/31	New York Stock Exchange

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 (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒. No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

Large Accelerated Filer	<input checked="" type="checkbox"/> Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/> Smaller Reporting Company	<input type="checkbox"/>
	Emerging Growth Company	<input type="checkbox"/>

the Exchange Act.

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

As of April 15, 2024 there were 404,322,811 shares of Common Stock outstanding.

**OTIS WORLDWIDE CORPORATION**  
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**Quarter Ended March 31, 2024**

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Otis Worldwide Corporation's and its subsidiaries' names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or tradenames of Otis Worldwide 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 tradenames of their respective owners. As used herein, the terms "we," "us," "our," "the Company" or "Otis," unless the context otherwise requires, mean Otis Worldwide Corporation and its subsidiaries. References to Internet websites in this Form 10-Q are provided for convenience only. Information available through these websites is not incorporated by reference into this Form 10-Q.

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

#### OTIS WORLDWIDE CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

<i>(dollars in millions, except per share amounts; shares in millions)</i>	Quarter Ended March 31,	
	2024	2023
Net sales:		
Product sales	\$ 1,280	\$ 1,307
Service sales	2,157	2,039
	3,437	3,346
Costs and expenses:		
Cost of products sold	1,067	1,098
Cost of services sold	1,342	1,252
Research and development	36	35
Selling, general and administrative	462	455
	2,907	2,840
Other income (expense), net	14	7
Operating profit	544	513
Non-service pension cost (benefit)	—	—
Interest expense (income), net	44	33
Net income before income taxes	500	480
Income tax expense	126	128
Net income	374	352
Less: Noncontrolling interest in subsidiaries' earnings	21	21
Net income attributable to Otis Worldwide Corporation	\$ 353	\$ 331
Earnings per share (Note 2):		
Basic	\$ 0.87	\$ 0.80
Diluted	\$ 0.86	\$ 0.79
Weighted average number of shares outstanding:		
Basic shares	405.2	414.3
Diluted shares	408.1	417.8

See accompanying Notes to Condensed Consolidated Financial Statements.

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Net income	\$ 374	\$ 352
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(25)	(34)
Pension and postretirement benefit plan adjustments	9	—
Change in unrealized cash flow hedging	3	3
Other comprehensive income (loss), net of tax	(13)	(31)
Comprehensive income (loss), net of tax	361	321
Less: Comprehensive (income) loss attributable to noncontrolling interest	(14)	(24)
Comprehensive income attributable to Otis Worldwide Corporation	\$ 347	\$ 297

See accompanying Notes to Condensed Consolidated Financial Statements.

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 884	\$ 1,274
Accounts receivable (net of allowance for expected credit losses of \$133 and \$130)	3,654	3,538
Contract assets	716	717
Inventories	593	612
Other current assets	291	259
Total Current Assets	6,138	6,400
Future income tax benefits	303	323
Fixed assets (net of accumulated depreciation of \$1,238 and \$1,232)	713	727
Operating lease right-of-use assets	405	416
Intangible assets, net	343	335
Goodwill	1,575	1,588
Other assets	314	328
Total Assets	\$ 9,791	\$ 10,117
<b>Liabilities and Equity (Deficit)</b>		
Short-term borrowings and current portion of long-term debt	\$ 35	\$ 32
Accounts payable	1,641	1,878
Accrued liabilities	1,691	1,873
Contract liabilities	2,951	2,696
Total Current Liabilities	6,318	6,479
Long-term debt	6,846	6,866
Future pension and postretirement benefit obligations	452	462
Operating lease liabilities	284	292
Future income tax obligations	255	245
Other long-term liabilities	452	493
Total Liabilities	14,607	14,837
Commitments and contingent liabilities (Note 16)		
Redeemable noncontrolling interest	124	135
Shareholders' Equity (Deficit):		
Common Stock and additional paid-in capital	210	213
Treasury Stock	(2,684)	(2,382)
Accumulated deficit	(1,794)	(2,005)
Accumulated other comprehensive income (loss)	(756)	(750)
Total Shareholders' Equity (Deficit)	(5,024)	(4,924)
Noncontrolling interest	84	69
Total Equity (Deficit)	(4,940)	(4,855)
Total Liabilities and Equity (Deficit)	\$ 9,791	\$ 10,117

See accompanying Notes to Condensed Consolidated Financial Statements.

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)

<i>(dollars in millions, except per share amounts)</i>	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' (Deficit) Equity	Noncontrolling Interest	Total (Deficit) Equity	Redeemable Noncontrolling Interest
<b>Quarter Ended March 31, 2024</b>								
Balance as of December 31, 2023	\$ 213	\$ (2,382)	\$ (2,005)	\$ (750)	\$ (4,924)	\$ 69	\$ (4,855)	\$ 135
Net income	—	—	353	—	353	18	371	3
Other comprehensive income (loss), net of tax	—	—	—	(6)	(6)	(2)	(8)	(5)
Stock-based compensation and Common Stock issued under employee plans	(2)	—	(1)	—	(3)	—	(3)	—
Cash dividends declared (\$0.34 per common share)	—	—	(138)	—	(138)	—	(138)	—
Repurchase of Common Shares	—	(302)	—	—	(302)	—	(302)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	(1)	(1)	(8)
Acquisitions, disposals and other changes	(1)	—	(3)	—	(4)	—	(4)	(1)
Balance as of March 31, 2024	<u>\$ 210</u>	<u>\$ (2,684)</u>	<u>\$ (1,794)</u>	<u>\$ (756)</u>	<u>\$ (5,024)</u>	<u>\$ 84</u>	<u>\$ (4,940)</u>	<u>\$ 124</u>
<b>Quarter Ended March 31, 2023</b>								
Balance as of December 31, 2022	\$ 162	\$ (1,575)	\$ (2,865)	\$ (592)	\$ (4,870)	\$ 71	\$ (4,799)	\$ 135
Net income	—	—	331	—	331	18	349	3
Other comprehensive income (loss), net of tax	—	—	—	(34)	(34)	2	(32)	1
Stock-based compensation and Common Stock issued under employee plans	10	—	—	—	10	—	10	—
Cash dividends declared (\$0.29 per common share)	—	—	(120)	—	(120)	—	(120)	—
Repurchase of Common Shares	—	(175)	—	—	(175)	—	(175)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	(1)	(1)	(8)
Acquisitions, disposals and other changes	—	—	1	—	1	—	1	(2)
Balance as of March 31, 2023	<u>\$ 172</u>	<u>\$ (1,750)</u>	<u>\$ (2,653)</u>	<u>\$ (626)</u>	<u>\$ (4,857)</u>	<u>\$ 90</u>	<u>\$ (4,767)</u>	<u>\$ 129</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**OTIS WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Operating Activities:		
Net income	\$ 374	\$ 352
Adjustments to reconcile net income to net cash flows provided by operating activities, net of acquisitions and dispositions:		
Depreciation and amortization	44	47
Deferred income tax expense (benefit)	16	(2)
Stock compensation cost	16	15
Change in operating assets and liabilities:		
Accounts receivable, net	(162)	14
Contract assets and liabilities, current	275	263
Inventories	9	(20)
Other current assets	(24)	(12)
Accounts payable	(217)	(218)
Accrued liabilities	(142)	(155)
Pension contributions	(12)	(14)
Other operating activities, net	(6)	8
Net cash flows provided by (used in) operating activities	171	278
Investing Activities:		
Capital expenditures	(31)	(25)
Acquisitions of businesses and intangible assets, net of cash (Note 6)	(30)	(16)
Receipts (payments) on settlements of derivative contracts	(21)	17
Other investing activities, net	3	3
Net cash flows provided by (used in) investing activities	(79)	(21)
Financing Activities:		
Net proceeds from (repayments of) borrowings (maturities of 90 days or less)	3	(32)
Dividends paid on Common Stock	(138)	(120)
Repurchases of Common Stock	(300)	(175)
Acquisition of noncontrolling interest shares	(4)	—
Dividends paid to noncontrolling interest	(9)	(9)
Other financing activities, net	(19)	(5)
Net cash flows provided by (used in) financing activities	(467)	(341)
Effect of exchange rate changes on cash and cash equivalents	(18)	10
Net increase (decrease) in cash, cash equivalents and restricted cash	(393)	(74)
Cash, cash equivalents and restricted cash, beginning of year	1,280	1,195
Cash, cash equivalents and restricted cash, end of period	887	1,121
Less: Restricted cash	3	4
Cash and cash equivalents, end of period	\$ 884	\$ 1,117

See accompanying Notes to Condensed Consolidated Financial Statements.



**OTIS WORLDWIDE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1: General**

The Condensed Consolidated Financial Statements as of March 31, 2024 and for the quarters ended March 31, 2024 and 2023 are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the results for the interim periods. The Condensed Consolidated Balance Sheet as of December 31, 2023 was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles ("GAAP") in the United States ("U.S."). The results reported in these Condensed Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes included in our Annual Report on [Form 10-K](#) for fiscal year 2023 ("2023 Form 10-K" or "Form 10-K").

Unless the context otherwise requires, references to "Otis," "we," "us," "our" and "the Company" refer to Otis Worldwide Corporation and its subsidiaries.

There have been no changes to the Company's significant accounting policies described in the Company's 2023 Form 10-K that have a material impact on the Company's Condensed Consolidated Financial Statements and the related notes.

**Use of Estimates.** The preparation of these Condensed Consolidated Financial Statements and accompanying notes in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates.

We assessed certain accounting matters that generally require consideration of forecasted financial information in the context of the information reasonably available to us and the unknown future impacts of macroeconomic developments, including inflationary pressures, higher interest rates and tighter credit conditions, as of March 31, 2024 and through the date of this report. The accounting matters assessed included, but were not limited to, our allowance for credit losses, the carrying value of our goodwill and other long-lived assets, financial assets and revenue recognition. While there was not a material impact to our Condensed Consolidated Financial Statements as of March 31, 2024 and for the quarters ended March 31, 2024 and 2023 resulting from our assessments of these matters, future assessment of our expectations of the magnitude and duration of these macroeconomic developments, as well as other factors, could result in material impacts to our Condensed Consolidated Financial Statements in future reporting periods.

We also assessed certain accounting matters as they relate to the ongoing conflict between Russia and Ukraine and the war in Israel and Gaza, including, but not limited to, our allowance for credit losses, the carrying value of long-lived assets, revenue recognition and the classification of assets. There was not a material impact to our Condensed Consolidated Financial Statements as of March 31, 2024 and for the quarters ended March 31, 2024 and 2023 resulting from our assessment of these matters. We continue to assess the impact on our results of operations, financial position and overall performance as the situations develop and any broader implications they may have on the global economy.

**Supplier Finance Programs.** Certain Otis subsidiaries participate in supplier finance programs, under which we agree to pay third-party financial institutions the stated amounts of confirmed invoices from suppliers on the original maturity dates of the invoices, while the participating suppliers generally have the ability to sell, or otherwise pledge as collateral, their receivables from the Company to the participating financial institutions. The outstanding obligations confirmed by the Company as valid to the financial institutions under our supplier finance programs were \$510 million and \$627 million as of March 31, 2024 and December 31, 2023, respectively. These obligations are included in Accounts payable in the Condensed Consolidated Balance Sheets, and all activity related to the obligations is presented within operating activities on the Condensed Consolidated Statements of Cash Flows.

## Note 2: Earnings per Share

(dollars in millions, except per share amounts; shares in millions)	Quarter Ended March 31,	
	2024	2023
Net income attributable to Otis Worldwide Corporation	\$ 353	\$ 331
Impact of redeemable noncontrolling interest	—	—
Net income attributable to common shareholders	\$ 353	\$ 331
Basic weighted average number of shares outstanding	405.2	414.3
Stock awards and equity units (share equivalent)	2.9	3.5
Diluted weighted average number of shares outstanding	408.1	417.8
Earnings Per Share of Common Stock:		
Basic	\$ 0.87	\$ 0.80
Diluted	\$ 0.86	\$ 0.79

The computation of diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, when the average market price of the Common Stock is lower than the exercise price of the related stock awards during the period because the effect would be anti-dilutive. In addition, the computation of diluted earnings per share excludes the effect of the potential exercise of stock awards when the awards' assumed proceeds exceed the average market price of the common shares during the period. There were 1.4 million and 1.1 million of anti-dilutive stock awards excluded from the computation for the quarters ended March 31, 2024 and 2023, respectively.

## Note 3: Revenue Recognition

We account for revenue in accordance with Accounting Standards Codification ("ASC") Topic 606: *Revenue from Contracts with Customers*.

**Contract Assets and Liabilities.** Contract assets reflect revenue recognized in advance of customer billing. Contract liabilities are recognized when a customer pays consideration, or we have a right to receive an amount of unconditional consideration, in advance of the satisfaction of performance obligations under the contract. We receive payments from customers based on the terms established in our contracts, which are progress payments as we perform contract work over time, payments in advance of performing work, or in some cases, payments upon completion of work.

Total Contract assets and Contract liabilities as of March 31, 2024 and December 31, 2023 are as follows:

(dollars in millions)	March 31, 2024	December 31, 2023
Contract assets, current	\$ 716	\$ 717
Total contract assets	716	717
Contract liabilities, current	2,951	2,696
Contract liabilities, non-current (included within Other long-term liabilities)	43	48
Total contract liabilities	2,994	2,744
Net contract liabilities	\$ 2,278	\$ 2,027

Contract assets decreased by \$1 million during the quarter ended March 31, 2024 as a result of the progression of current contracts and timing of billing on customer contracts. Contract liabilities increased by \$250 million during the quarter ended March 31, 2024 primarily due to billings on contracts in excess of revenue earned.

In the quarters ended March 31, 2024 and 2023, we recognized revenue of approximately \$1.0 billion and \$0.9 billion related to contract liabilities as of January 1, 2024 and 2023, respectively.

**Remaining Performance Obligations ("RPO").** RPO represents the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. As of March 31, 2024, our total RPO was approximately \$18.3 billion. Of the total RPO as of March 31, 2024, we expect approximately 90% will be recognized as sales over the following 24 months.

#### Note 4: Accounts Receivable, Net

Accounts receivable, net consisted of the following as of March 31, 2024 and December 31, 2023:

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
Trade receivables	\$ 3,466	\$ 3,390
Unbilled receivables	151	119
Miscellaneous receivables	107	96
Customer financing notes receivable	63	63
	3,787	3,668
Less: allowance for expected credit losses	(133)	(130)
Accounts receivable, net	\$ 3,654	\$ 3,538

The changes in allowance for expected credit losses related to Accounts receivable, net for the quarter ended March 31, 2024 and 2023, respectively, are as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Balance as of January 1	\$ 130	\$ 152
Provision for expected credit losses	6	6
Write-offs charged against the allowance for expected credit losses	(2)	(20)
Foreign exchange and other	(1)	1
Balance as of March 31	\$ 133	\$ 139

#### Note 5: Inventories

Inventories consisted of the following as of March 31, 2024 and December 31, 2023:

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
Raw materials and work-in-process	\$ 148	\$ 154
Finished goods	445	458
Total	\$ 593	\$ 612

Raw materials, work-in-process and finished goods are net of valuation write-downs of \$88 million and \$87 million as of March 31, 2024 and December 31, 2023, respectively.

## Note 6: Business Acquisitions, Goodwill and Intangible Assets

**Business Acquisitions.** Our acquisitions of businesses and intangible assets, net of cash, totaled \$30 million and \$16 million in the quarters ended March 31, 2024 and 2023, respectively, and were primarily in our Service segment. Transaction costs incurred were not considered significant.

**Goodwill.** Changes in our Goodwill balances during the quarter ended March 31, 2024 were as follows:

<i>(dollars in millions)</i>	Balance as of December 31, 2023	Goodwill Resulting from Business Combinations	Foreign Currency Translation and Other	Balance as of March 31, 2024
New Equipment	\$ 295	\$ —	\$ (5)	\$ 290
Service	1,293	14	(22)	1,285
Total	\$ 1,588	\$ 14	\$ (27)	\$ 1,575

**Intangible Assets.** Intangible assets cost and accumulated amortization were \$2,064 million and \$1,721 million, respectively, as of March 31, 2024, and \$2,072 million and \$1,737 million, respectively, as of December 31, 2023.

Amortization of intangible assets for the quarters ended March 31, 2024 and 2023 was \$15 million and \$17 million, respectively. Excluding the impact of acquisitions and currency translation adjustments, there were no other significant changes in our Intangible assets during the quarters ended March 31, 2024 and 2023.

## Note 7: Borrowings and Lines of Credit

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
Commercial paper	\$ —	\$ —
Other borrowings	35	32
Total short-term borrowings	\$ 35	\$ 32

**Commercial Paper.** As of March 31, 2024, there were no borrowings outstanding under the Company's \$1.5 billion commercial paper programs. We use our commercial paper borrowings for general corporate purposes including to finance acquisitions, pay dividends, repurchase shares and for debt refinancing. The need for commercial paper borrowings may arise if the use of domestic cash for general corporate purposes exceeds the sum of domestic cash generation and foreign cash repatriated to the U.S.

For details regarding the Company's short-term borrowing activity in 2023, refer to Note 9 of the Company's audited consolidated financial statements and notes thereto included in our 2023 [Form 10-K](#).

## Long-term debt.

As of March 31, 2024, we had a revolving credit agreement with various banks providing for a \$1.5 billion unsecured, unsubordinated five-year revolving credit facility, maturing March 10, 2028. As of March 31, 2024, there were no borrowings under the revolving credit agreement. As of March 31, 2024, the Company is in compliance with all covenants in the revolving credit agreement and the indentures governing all outstanding long-term debt. Long-term debt consisted of the following:

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
2.056% notes due 2025	\$ 1,300	\$ 1,300
0.37% notes due 2026 (¥21.5 billion principal value)	142	150
0.318% notes due 2026 (€600 million principal value)	650	658
2.293% notes due 2027	500	500
5.250% notes due 2028	750	750
2.565% notes due 2030	1,500	1,500
0.934% notes due 2031 (€500 million principal value)	542	548
3.112% notes due 2040	750	750
3.362% notes due 2050	750	750
Other (including finance leases)	4	4
Total principal long-term debt	6,888	6,910
Other (discounts and debt issuance costs)	(42)	(44)
Total long-term debt	6,846	6,866
Less: current portion	—	—
Long-term debt, net of current portion	\$ 6,846	\$ 6,866

We may redeem any series of notes at our option pursuant to certain terms. For additional details regarding the Company's debt activity in 2023, refer to Note 9 of the Company's audited consolidated financial statements and notes thereto included in our 2023 [Form 10-K](#).

Debt discounts and debt issuance costs are presented as a reduction of debt on the Condensed Consolidated Balance Sheets and are amortized as a component of interest expense over the term of the related debt using the effective interest method. The Condensed Consolidated Statements of Operations for the quarters ended March 31, 2024 and 2023 reflects the following:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Debt issuance costs amortization	\$ 2	\$ 3
Total interest expense on external debt	43	33

The unamortized debt issuance costs as of March 31, 2024 and December 31, 2023 were \$40 million and \$42 million, respectively.

The weighted average maturity of our long-term debt as of March 31, 2024 is approximately 7.6 years. The weighted average interest expense rate on our borrowings outstanding as of March 31, 2024 and December 31, 2023 was as follows:

	March 31, 2024	December 31, 2023
Short-term commercial paper	—%	—%
Total long-term debt	2.5%	2.5%

The weighted average interest expense rate on our borrowings during the quarters ended March 31, 2024 and 2023 was as follows:

	Quarter Ended March 31,	
	2024	2023
Short-term commercial paper	5.5%	4.8%
Total long-term debt	2.5%	2.0%

## Note 8: Employee Benefit Plans

**Pension and Postretirement Plans.** The Company sponsors both funded and unfunded domestic and foreign defined benefit pension and other postretirement benefit plans, and defined contribution plans. Contributions to our plans were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Defined benefit plans	\$ 12	\$ 14
Defined contribution plans	20	19
Multi-employer pension and postretirement plans	40	34

The following table illustrates the components of net periodic benefit cost for the Company's defined benefit pension plans:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Service cost	\$ 8	\$ 7
Interest cost	8	8
Expected return on plan assets	(8)	(8)
Recognized actuarial net loss	—	—
Total net periodic benefit cost	\$ 8	\$ 7

**Postretirement Benefit Plans.** The Company sponsors postretirement benefit plans that provide health benefits to eligible retirees. The postretirement plans are unfunded. The net periodic benefit cost was less than \$1 million for the quarters ended March 31, 2024 and 2023, respectively.

**Stock-based Compensation.** The Company adopted the 2020 Long-Term Incentive Plan (the "Plan") effective April 3, 2020. As of March 31, 2024, approximately 20 million shares remain available for awards under the Plan.

The Company measures the cost of all share-based payments, including stock options, at fair value on the grant date and recognizes this cost in the Condensed Consolidated Statements of Operations over the award's applicable vesting period. A forfeiture rate assumption is applied on grant date to adjust the expense recognition for awards that are not expected to vest.

Stock-based compensation expense and the resulting tax benefits were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Stock-based compensation expense (Share Based)	\$ 16	\$ 15
Less: future tax benefit	(2)	(2)
Stock-based compensation expense, net of tax	\$ 14	\$ 13

As of March 31, 2024, following our annual grant issuance on February 7, 2024, there was approximately \$117 million of total unrecognized compensation cost related to non-vested equity awards granted under the Plan. This cost is expected to be recognized ratably over a weighted-average period of 2.1 years.

## Note 9: Stock

**Preferred Stock.** There are 125 million shares of \$0.01 par value Preferred Stock authorized, of which none were issued as of March 31, 2024 and December 31, 2023.

**Common Stock.** There are 2 billion shares of \$0.01 par value Common Stock authorized. As of March 31, 2024 and December 31, 2023, 438.0 million and 437.0 million shares of Common Stock were issued, respectively, which includes 33.7 million and 30.4 million shares of treasury stock, respectively.

**Treasury Stock.** As of March 31, 2024, the Company was authorized by the Board of Directors to purchase up to \$2.0 billion of Common Stock under a share repurchase program, of which approximately \$900 million was remaining at such time.

During the quarters ended March 31, 2024 and 2023, the Company repurchased 3.4 million and 2.1 million shares, respectively, for \$300 million and \$175 million, respectively. Share repurchases in excess of issuances are subject to a 1% excise tax, which is included as part of the cost basis of the shares acquired in Treasury Stock on the Condensed Consolidated Balance Sheets.

The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under this program, shares may be purchased in the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

## Note 10: Accumulated Other Comprehensive Income (Loss)

A summary of the changes in each component of Accumulated other comprehensive income (loss), net of tax, for the quarters ended March 31, 2024 and 2023 is provided below:

<i>(dollars in millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
<b>Quarter Ended March 31, 2024</b>				
Balance as of December 31, 2023	\$ (673)	\$ (78)	\$ 1	\$ (750)
Other comprehensive income (loss) before reclassifications, net	(18)	9	2	(7)
Amounts reclassified, pre-tax	—	—	1	1
Tax benefit reclassified	—	—	—	—
Balance as of March 31, 2024	<u>\$ (691)</u>	<u>\$ (69)</u>	<u>\$ 4</u>	<u>\$ (756)</u>
<b>Quarter Ended March 31, 2023</b>				
Balance as of December 31, 2022	\$ (587)	\$ (8)	\$ 3	\$ (592)
Other comprehensive income (loss) before reclassifications, net	(37)	—	4	(33)
Amounts reclassified, pre-tax	—	—	(1)	(1)
Tax benefit reclassified	—	—	—	—
Balance as of March 31, 2023	<u>\$ (624)</u>	<u>\$ (8)</u>	<u>\$ 6</u>	<u>\$ (626)</u>

Amounts reclassified that relate to defined benefit pension and postretirement plans include amortization of prior service costs and actuarial net losses recognized during each period presented. These costs are recorded as components of net periodic pension cost for each period presented. See Note 8, "Employee Benefit Plans" for additional information.

## Note 11: Income Taxes

The decrease in the effective tax rate for the quarter ended March 31, 2024 is primarily the result of the tax impact of a reduction of our contractual indemnity obligation payable to RTX that resulted from the Tax Matters Agreement ("TMA") and the excess tax benefit associated with stock option exercises in the quarter.

Otis conducts business globally and, as a result, Otis or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the ordinary course of business, Otis could be subject to examination by taxing authorities throughout the world, including such major jurisdictions as Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, Netherlands, Portugal, South Korea, Spain, Switzerland, the United Kingdom, and the United States. With a few exceptions, Otis is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2013.

A subsidiary of Otis engaged in tax-related litigation in Belgium received a favorable appellate court decision in 2018. The Belgian tax authorities appealed the decision to the Court of Cassation (the equivalent of the Supreme Court in Belgium). On December 4, 2020, the Court of Cassation overturned the decision of the appellate court and remanded the case to the appellate court for reconsideration. Following a hearing on March 20, 2023, the Antwerp Appellate Court ruled against the Company. Otis has decided not to appeal the decision, which marks the end of this litigation. Otis expects to receive the assessment for tax and interest in 2024. The associated tax and interest have been fully reserved and are included in the range below.

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. The evaluation considers any additional worldwide uncertain tax positions, the closure of tax statutes or the re-valuation of current uncertain tax positions arising from the issuance of legislation, regulatory or other guidance or developments in examinations, in appeals, or in the courts. Based on the preceding factors, it is reasonably possible that within the next 12 months unrecognized tax benefits could change within the range of a \$10 million increase to a \$340 million decrease and associated interest could change within the range of a \$10 million increase to a \$145 million decrease.

See Note 16, "Contingent Liabilities" for discussion regarding uncertain tax positions, included in the above range, related to pending litigation with respect to certain deductions claimed in Germany.

## Note 12: Restructuring and Transformation Costs

We initiate restructuring actions to keep our cost structure competitive. Charges generally arise from severance related to workforce reductions, and facility exit and lease termination costs associated with the consolidation of office and manufacturing operations.

During the quarters ended March 31, 2024 and 2023, we recorded restructuring costs for new and ongoing restructuring actions, including UpLift actions beginning in 2023, as follows:

(dollars in millions)	Quarter Ended March 31, 2024			Quarter Ended March 31, 2023		
	UpLift	Other	Total	UpLift	Other	Total
Cost of products and services sold	\$ —	\$ 5	\$ 5	\$ —	\$ 2	\$ 2
Selling, general and administrative	1	14	15	—	3	3
Total	\$ 1	\$ 19	\$ 20	\$ —	\$ 5	\$ 5

Restructuring costs, unless otherwise indicated, were approximately 30% New Equipment and 70% Service. Although this reflects the segments to which the restructuring costs relate, refer to Note 17 for more information about our measure of segment performance (segment operating profit), which no longer includes restructuring costs, among other items, beginning in the first quarter of 2024.

**UpLift Restructuring Actions and Transformation Costs.** During the third quarter of 2023, we announced UpLift to transform our operating model. UpLift includes, among other aspects, the standardization of our processes and improvement of our supply chain procurement, as well as restructuring actions.



UpLift restructuring actions of up to \$55 million were approved in 2023, which are primarily severance related costs. We expect these actions to be mostly completed and cash to be paid by the end of 2024, with certain payments to be completed in 2025. Expected total costs and remaining costs to incur for the approved actions identified to-date are approximately \$50 million and \$24 million, respectively, of which approximately 30% relates to New Equipment and 70% relates to Service.

In the quarter ended March 31, 2024, we incurred \$12 million of incremental, non-restructuring costs associated with transforming our operating model as a part of UpLift ("UpLift transformation costs"), including consulting and personnel costs, which are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

**Other Restructuring Actions.** The other restructuring expenses incurred during the quarter ended March 31, 2024 and 2023, were primarily the result of restructuring programs initiated during 2024 and 2023. We are targeting to complete by the end of 2024 the majority of remaining other restructuring actions initiated in the quarter ended March 31, 2024 and the full year 2023, with certain utilization beyond 2024 due to contractual obligations or legal requirements in the applicable jurisdictions. Expected total costs and remaining costs to incur for the other restructuring actions initiated are \$83 million and \$23 million, respectively, of which approximately 30% relates to New Equipment and 70% relates to Service.

**Restructuring Accruals.** The following table summarizes the accrual balance and utilization for restructuring actions, which are primarily for severance costs and most will require cash payment:

<i>(dollars in millions)</i>	UpLift Actions	Other Actions	Total Restructuring Actions
Restructuring accruals as of December 31, 2023	\$ 13	\$ 35	\$ 48
Net restructuring costs	1	19	20
Utilization, foreign exchange and other costs	(8)	(20)	(28)
Restructuring accruals as of March 31, 2024	<u>\$ 6</u>	<u>\$ 34</u>	<u>\$ 40</u>

#### Note 13: Financial Instruments

We enter into derivative instruments primarily for risk management purposes, including derivatives designated as hedging instruments under ASC 815, *Derivatives and Hedging*. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, commodity prices and foreign exchange rates. These fluctuations can increase the costs of financing, investing in and operating the business. We may use derivative instruments, including swaps, forward contracts and options, to manage certain foreign currency, commodity price and interest rate exposures.

The four-quarter average of the notional amount of foreign exchange contracts hedging foreign currency transactions was \$4.9 billion and \$4.6 billion as of March 31, 2024 and December 31, 2023, respectively. The four-quarter average of the notional amount of contracts hedging commodity purchases was \$18 million and \$21 million as of March 31, 2024 and December 31, 2023, respectively.

The following table summarizes the fair value and presentation on the Condensed Consolidated Balance Sheets for derivative instruments as of March 31, 2024 and December 31, 2023:

<i>(dollars in millions)</i>	Balance Sheet Classification	March 31, 2024	December 31, 2023
<b>Derivatives designated as Cash flow hedging instruments:</b>			
	<u>Asset Derivatives:</u>		
Foreign exchange contracts	Other current assets	\$ 4	\$ 2
Commodity contracts	Other current assets	—	1
Foreign exchange contracts	Other assets	2	2
	Total asset derivatives	<u>\$ 6</u>	<u>\$ 5</u>
	<u>Liability Derivatives:</u>		
Foreign exchange contracts	Accrued liabilities	\$ (3)	\$ (4)
Foreign exchange contracts	Other long-term liabilities	—	(1)
	Total liability derivatives	<u>\$ (3)</u>	<u>\$ (5)</u>
<b>Derivatives not designated as Cash flow hedging instruments:</b>			
	<u>Asset Derivatives:</u>		
Foreign exchange contracts	Other current assets	\$ 29	\$ 20
Foreign exchange contracts	Other assets	2	4
	Total asset derivatives	<u>\$ 31</u>	<u>\$ 24</u>
	<u>Liability Derivatives:</u>		
Foreign exchange contracts	Accrued liabilities	\$ (19)	\$ (34)
Foreign exchange contracts	Other long-term liabilities	(3)	(7)
	Total liability derivatives	<u>\$ (22)</u>	<u>\$ (41)</u>

**Derivatives designated as Cash flow hedging instruments.** The amounts of gain or (loss) attributable to foreign exchange and commodity contract activity reclassified from Accumulated other comprehensive income (loss) were immaterial for the quarters ended March 31, 2024 and 2023, respectively.

The effect of cash flow hedging relationships on Accumulated other comprehensive income (loss) as of March 31, 2024 and December 31, 2023 are presented in the table below:

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
Gain (loss) recorded in Accumulated other comprehensive income (loss)	\$ 4	\$ 1

The Company utilizes the critical terms match method in assessing firm commitment derivatives and regression testing in assessing commodity derivatives for hedge effectiveness. Accordingly, the hedged items and derivatives designated as hedging instruments are highly effective.

Assuming current market conditions continue, a pre-tax gain of \$1 million is expected to be reclassified from Accumulated other comprehensive income (loss) into Cost of products sold to reflect the fixed prices obtained from foreign exchange and commodity hedging within the next 12 months. All derivative contracts accounted for as cash flow hedges as of March 31, 2024 will mature by December 2028.

**Net Investment Hedges.** We may use non-derivative instruments (foreign currency denominated borrowings) and derivative instruments (foreign exchange forward contracts) to hedge portions of the Company's investments in foreign subsidiaries and manage foreign exchange risk. For instruments that are designated and qualify as a hedge of net investment in foreign operations and that meet the effectiveness requirements, the net gains or losses attributable to changes in spot exchange rates are recorded in foreign currency translation within Other comprehensive income (loss) on the Condensed Consolidated Statements of Comprehensive Income, and will remain in Accumulated other comprehensive income (loss) until the hedged investment is sold or substantially liquidated. The remainder of the change in value of such instruments is recorded in earnings, including to the extent foreign currency denominated borrowings are not designated in, or are de-designated from, a net investment hedge relationship.

Our use of foreign exchange forward contracts designated as hedges of the Company's net investment in foreign subsidiaries can vary depending on the Company's desired foreign exchange risk coverage.

We have ¥21.5 billion of Japanese Yen denominated long-term debt that qualifies as a net investment hedge against our investments in Japanese businesses, as well as foreign exchange forward contracts with notional amounts of €120 million and HK\$2 billion that qualify as net investment hedges against our investments in certain European and Asian businesses. The net investment hedges are deemed to be effective. The maturity dates of the current non-derivative and derivative instruments designated in net investment hedges range from 2024 to 2026.

Additionally, we had a foreign exchange forward contract with a notional amount of €95 million that matured during the second quarter of 2023. This qualified as a net investment hedge and was deemed to be effective until maturity.

The following table summarizes the amounts of gains (losses) recognized in other comprehensive income (loss) related to non-derivative and derivative instruments designated as net investment hedges:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Foreign currency denominated long-term debt	\$ 8	\$ (1)
Foreign currency forward contracts	—	1
Total	\$ 8	\$ —

**Derivatives not designated as Cash flow hedging instruments.** The net effect of derivatives not designated as Cash flow hedging instruments within Other income (expense) net, on the Condensed Consolidated Statements of Operations was as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Foreign exchange contracts	\$ (1)	\$ 3

The effects of derivatives not designated as Cash flow hedge instruments within Cost of products sold on the Condensed Consolidated Statements of Operations were losses of less than \$1 million and gains of \$1 million in the quarters ended March 31, 2024 and 2023, respectively.

#### Note 14: Fair Value Measurements

**Valuation Techniques.** Our marketable securities include investments that are traded in active markets, either domestically or internationally, and are measured at fair value using closing stock prices from active markets. The fair value gains or losses related to our marketable securities are recorded through net income. Our derivative assets and liabilities include foreign exchange and commodity contracts that are measured at fair value using internal and third party models based on observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks.

As of March 31, 2024, there has not been any significant impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

Due to their short-term nature, the carrying value approximated fair value for the current portion of the Company's financial instruments not carried at fair value. The fair value of receivables, including customer financing notes receivable, net, that were issued long-term are based on the discounted values of their related cash flows at interest rates reflecting the attributes of the counterparties, including geographic location. Customer-specific risk, including credit risk, is already considered in the carrying value of those receivables. Our long-term debt, as described in Note 7, "Borrowings and Lines of Credit", is measured at fair value using closing bond prices from active markets.

**Recurring Fair Value Measurements.** In accordance with the provisions of ASC 820: *Fair Value Measurements*, the following tables provide the valuation hierarchy classification of assets and liabilities that are carried at fair value and measured on a recurring and non-recurring basis in our Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023:

(dollars in millions)	March 31, 2024			
	Total	Level 1	Level 2	Level 3
<b>Recurring fair value measurements:</b>				
Marketable securities	\$ 29	\$ 29	\$ —	\$ —
Derivative assets	37	—	37	—
Derivative liabilities	(25)	—	(25)	—

(dollars in millions)	December 31, 2023			
	Total	Level 1	Level 2	Level 3
<b>Recurring fair value measurements:</b>				
Marketable securities	\$ 28	\$ 28	\$ —	\$ —
Derivative assets	29	—	29	—
Derivative liabilities	(46)	—	(46)	—

**Fair Value of Financial Instruments.** The following table provides carrying amounts and fair values of financial instruments that are not carried at fair value as of March 31, 2024 and December 31, 2023:

(dollars in millions)	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term receivables, net	\$ 49	\$ 48	\$ 55	\$ 54
Customer financing notes receivable, net	24	22	26	23
Short-term borrowings	(35)	(35)	(32)	(32)
Long-term debt, including current portion (excluding leases and other)	(6,884)	(6,113)	(6,906)	(6,224)
Long-term liabilities, including current portion	(181)	(163)	(197)	(185)

The following tables provide the valuation hierarchy classification of assets and liabilities that are not carried at fair value in the Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023:

(dollars in millions)	March 31, 2024			
	Total	Level 1	Level 2	Level 3
Long-term receivables, net	\$ 48	\$ —	\$ 48	\$ —
Customer financing notes receivable, net	22	—	22	—
Short-term borrowings	(35)	—	(35)	—
Long-term debt, including current portion (excluding leases and other)	(6,113)	—	(6,113)	—
Long-term liabilities, including current portion	(163)	—	(163)	—

(dollars in millions)	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Long-term receivables, net	\$ 54	\$ —	\$ 54	\$ —
Customer financing notes receivable, net	23	—	23	—
Short-term borrowings	(32)	—	(32)	—
Long-term debt, including current portion (excluding leases and other)	(6,224)	—	(6,224)	—
Long-term liabilities, including current portion	(185)	—	(185)	—

#### Note 15: Guarantees

The Company provides service and warranty on its products beyond normal service and warranty policies. The carrying amount of service and product guarantees were \$11 million and \$12 million as of March 31, 2024 and December 31, 2023, respectively.

The Company provides certain financial guarantees to third parties. As of March 31, 2024, Otis has stand-by letters of credit with maximum potential payment totaling \$139 million. We accrue 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 ASC Topic 460: *Guarantees*, we record these liabilities at fair value. As of March 31, 2024, Otis has determined there are no estimated costs probable under these guarantees.

#### Note 16: Contingent Liabilities

Except as otherwise noted, while we are unable to predict the final outcome, based on information currently available, we do not believe that resolution of any of the following matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. In addition to the specific amounts noted below, where we have recorded loss contingency accruals for the below and other matters, the amounts in aggregate are not material. Legal costs generally are expensed when incurred.

For details regarding the Company's outstanding liability for environmental obligations, refer to Note 21 of the Company's audited consolidated financial statements and notes thereto included in our 2023 [Form 10-K](#).

#### Legal Proceedings.

##### *German Tax Litigation*

We have been involved in administrative review proceedings with the German Tax Office, which concern approximately €215 million (approximately \$233 million as of March 31, 2024) of tax benefits that we have claimed related to a 1998 reorganization of the corporate structure of our operations in Germany. Upon audit, these tax benefits were disallowed by the German Tax Office. We estimate interest associated with the aforementioned tax benefits is an additional approximately €118 million (approximately \$128 million as of March 31, 2024).

In August 2012, a suit was filed in the local German Tax Court (Berlin-Brandenburg). In 2015, our former parent United Technologies Corporation ("UTC"), now RTX Corporation ("RTX"), made tax and interest payments to German tax authorities of €275 million (approximately \$300 million) in order to avoid additional interest accruals pending final resolution of this matter. In March 2016, the local German Tax Court dismissed the suit, and we appealed this decision to the German Federal Tax Court. Following a hearing in July 2018, the German Federal Tax Court remanded the matter to the local German Tax Court for further proceedings. In December 2020, the local German Tax Court ruled against the Company.

On January 26, 2021, the Company filed an appeal with the German Federal Tax Court. On February 8, 2022, the Company received the decision of the German Federal Tax Court, in which the Court remanded the case for reconsideration by the local German Tax Court. The local German Tax Court held a hearing on June 12, 2023, and issued a decision in favor of Otis on July 21, 2023. On September 14, 2023, the German tax authorities filed an appeal to the German Federal Tax Court. The German Federal Tax Court is expected to rule on the appeal later in 2024. As a result of the appeal filing, this matter remains contested, and the Company cannot assess the ultimate outcome of this case.

Pursuant to the TMA with our former parent, UTC, the Company retains the liability associated with the remaining interest, and has recorded an interest accrual of €45 million (approximately \$48 million as of March 31, 2024), net of payments and other deductions, included within Accrued liabilities on the Condensed Consolidated Balance Sheets as of March 31, 2024. If the Company prevails in this matter, any recoveries would be allocated between RTX and the Company pursuant to the terms of the TMA.

#### *Asbestos Matters*

We have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos. While we have never manufactured any asbestos-containing component parts, and no longer incorporate asbestos in any current products, certain of our historical products have contained components manufactured by third parties 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 as of and for the periods ended March 31, 2024 and December 31, 2023.

The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately \$11 million to \$22 million as of March 31, 2024, and approximately \$20 million to \$43 million as of December 31, 2023. Since no amount within the range of estimates is more likely to occur than any other, we have recorded the minimum amounts of \$11 million and \$20 million as of March 31, 2024 and December 31, 2023, respectively, which are principally recorded in Other long-term liabilities on our Condensed Consolidated Balance Sheets. Amounts are on a pre-tax basis, not discounted, and exclude the Company's legal fees to defend the asbestos claims (which will continue to be expensed as they are incurred). In addition, the Company has an insurance recovery receivable for probable asbestos-related recoveries of approximately \$3 million and \$5 million as of March 31, 2024 and December 31, 2023, respectively, which are principally included in Other assets on our Condensed Consolidated Balance Sheets.

**Other.** We have commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising out of the normal 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. While it is not possible to determine the ultimate disposition of each of these claims and whether they will be resolved consistent with our beliefs, we expect that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on our business, financial condition, cash flows or results of operations.

As previously disclosed, in certain European countries, claims for overcharges on elevators and escalators related to civil cartel cases have been made, which we have accrued for based on our evaluation of the claims. While it is not possible to determine the ultimate disposition of each of these claims and whether they will be resolved consistent with our beliefs, historical settlement experience of these cases has not been material to the business, financial condition, cash flows or results of operations. However, the future outcome of these cases cannot be determined.

In the ordinary course of business, the Company 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 the Company and its 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 17: Segment Financial Data

Our operations are classified into two operating segments: New Equipment and Service. Through the New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators as well as escalators and moving walkways to customers in the residential and commercial building and infrastructure projects. The Service segment provides maintenance and repair services for both our products and those of other manufacturers, and provides modernization services to upgrade elevators and escalators. The operating segments are generally based on the management structure of the Company, how management allocates resources, assesses performance and makes strategic and operational decisions.

**Segment Information.** Otis discloses segment operating profit as its measure of segment performance, reconciled to total Otis operating profit. Segment operating profit excludes certain expenses and income that are not allocated to segments (as described below in "Corporate and Unallocated").

Effective in the first quarter of 2024, the measure of segment performance used by Otis' Chief Operating Decision Maker ("CODM") changed and, as a result, Otis' disclosed measure of segment performance (segment operating profit) was updated. The change to segment operating profit aligns with the update to how the CODM assesses performance and allocates resources for the Company's segments, and therefore is our measure of segment profitability in accordance with GAAP under ASC 280, *Segment Reporting*.

As a result of the change, restructuring costs and other items not allocated to the operating segments are presented as part of Corporate and Unallocated. The financial information presented herein reflects the impact of the measure of segment performance change for all periods presented.

Segment information for the quarters ended March 31, 2024 and 2023 are as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
<b>Net Sales</b>		
New Equipment	\$ 1,280	\$ 1,307
Service	2,157	2,039
Total	<u>\$ 3,437</u>	<u>\$ 3,346</u>
<b>Operating Performance</b>		
New Equipment operating profit	\$ 71	\$ 69
Service operating profit	523	479
Total segment operating profit	<u>594</u>	<u>548</u>
Corporate and Unallocated		
General corporate expenses and other	(33)	(30)
UpLift restructuring actions	(1)	—
Other restructuring actions	(19)	(5)
UpLift transformation costs	(12)	—
Separation-related reserve adjustment	<u>15</u>	<u>—</u>
Total company operating profit	<u>544</u>	<u>513</u>
Non-service pension cost (benefit)	—	—
Interest expense (income), net	44	33
Net income before income taxes	<u>\$ 500</u>	<u>\$ 480</u>

Corporate and Unallocated includes a Separation-related reserve adjustment, which represents the reduction of our contractual indemnity obligation payable to RTX that resulted from the TMA. This benefit is recorded in Other income (expense), net in our Condensed Consolidated Statements of Operations during the quarter ended March 31, 2024.

Total assets are not presented for each segment as they are not presented to, or reviewed by, the Chief Operating Decision Maker.

**Geographic Sales.** Geographic Net sales are attributed to the geographic regions based on their location of origin. With the exception of the U.S. and China, there were no individually significant countries with sales exceeding 10% of Net sales during the quarters ended March 31, 2024 and 2023.

(dollars in millions)	Quarter Ended March 31,	
	2024	2023
United States Operations	\$ 1,064	\$ 976
International Operations		
China	425	501
Other	1,948	1,869
Total	\$ 3,437	\$ 3,346

**Disaggregated Sales by Type.** Segment Net sales disaggregated by product and service type for the quarters ended March 31, 2024 and 2023 are as follows:

(dollars in millions)	Quarter Ended March 31,	
	2024	2023
New Equipment	\$ 1,280	\$ 1,307
Maintenance and Repair	1,769	1,679
Modernization	388	360
Total Service	2,157	2,039
Total	\$ 3,437	\$ 3,346

**Major Customers.** There were no customers that individually accounted for 10% or more of the Company's consolidated Net sales for the quarters ended March 31, 2024 and 2023.

#### Note 18: Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in ASU 2020-04 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. Additionally, in December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): *Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"), which allows ASU 2020-04 to be adopted and applied prospectively to contract modifications made on or before December 31, 2024. We do not expect the adoption of this standard to have a material impact on our Condensed Consolidated Financial Statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This ASU clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC Topic 606, Revenue from Contracts with Customers. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early application permitted. The Company adopted ASU 2021-08 effective January 1, 2023. The adoption of this ASU did not have a material impact on our Condensed Consolidated Financial Statements.



In September 2022, the FASB issued ASU 2022-04, Liabilities - Supplier Finance Programs (Topic 450-50): Disclosure of Supplier Finance Program Obligations, which requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about obligations outstanding at the end of the reporting period, including a rollforward of those obligations. The guidance does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. ASU 2022-04 is effective for fiscal years beginning after December 15, 2022, except for the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023. The adoption of this ASU did not have a material impact on our Condensed Consolidated Financial Statements, as disclosed in Note 1, "General".

In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Ventures Formations (Subtopic 805-60): Recognition and initial measurement ("ASU 2023-05"), which requires that joint ventures, upon formation, apply a new basis of accounting by initially measuring assets and liabilities at fair value. The amendments in ASU 2023-05 are effective for joint ventures that are formed on or after January 1, 2025. Early adoption is permitted. We are currently evaluating the impact of this standard, however we do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. We are currently evaluating the impact of this standard; however, we do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of this standard; however, we do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

Other new accounting pronouncements issued but not effective until after March 31, 2024 did not and are not expected to have a material impact on our financial position, results of operations or liquidity.

#### **Note 19: Subsequent Events**

In April 2024, we notified the noncontrolling shareholders of one of our subsidiaries that we are exercising our call option to acquire all of their outstanding shares. The value to purchase these shares is estimated to be approximately \$70 million and is reflected in Redeemable noncontrolling interest in our Condensed Consolidated Balance Sheet as of March 31, 2024. The purchase of these shares is expected to be completed in the third quarter of 2024.

With respect to the unaudited condensed consolidated financial information of Otis Worldwide Corporation for the quarters ended March 31, 2024 and 2023, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") reported that it has applied limited procedures in accordance with professional standards for a review of such information. However, its report dated April 25, 2024, appearing below, states that the firm did not audit and does not express an opinion on that unaudited condensed consolidated financial information. PricewaterhouseCoopers has not carried out any significant or additional review procedures beyond those that would have been necessary if their report had not been included. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended ("the Act") for its report on the unaudited condensed consolidated financial information because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers within the meaning of Sections 7 and 11 of the Act.

### **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of Otis Worldwide Corporation

#### ***Results of Review of Interim Financial Information***

We have reviewed the accompanying condensed consolidated balance sheet of Otis Worldwide Corporation and its subsidiaries (the "Company") as of March 31, 2024, and the related condensed consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for the three-month periods ended March 31, 2024 and 2023, including the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2023, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 2, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

#### ***Basis for Review Results***

This interim financial information is the responsibility of the Company's management. 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 review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut  
April 25, 2024

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations****BUSINESS OVERVIEW****Business Summary**

We are the world's leading elevator and escalator manufacturing, installation and service company. Our Company is organized into two segments, New Equipment and Service. Through our New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators, as well as escalators and moving walkways for residential and commercial buildings and infrastructure projects. Our New Equipment customers include real-estate and building developers and general contractors who develop and/or design buildings for residential, commercial, retail or mixed-use activity. We sell our New Equipment directly to customers, as well as through agents and distributors.

Through our Service segment, we perform maintenance and repair services for both our own products and those of other manufacturers and provide modernization services to upgrade elevators and escalators. Maintenance services include inspections to ensure code compliance, preventive maintenance offerings and other customized maintenance offerings tailored to meet customer needs, as well as repair services to address equipment and component wear and tear and breakdowns. Modernization services enhance equipment operation and improve building functionality. Modernization offerings can range from relatively simple upgrades of interior finishes and aesthetics to complex upgrades of larger components and sub-systems. Our typical Service customers include building owners, facility managers, housing associations and government agencies that operate buildings where elevators and escalators are installed.

We serve our customers through a global network of employees. These include sales personnel, field technicians with separate skills in performing installation and service, as well as engineers driving our continued product development and innovation. We function under a centralized operating model whereby a global strategy is set around New Equipment and Service because we seek to grow our maintenance portfolio, in part, through the conversion of new elevator and escalator installations into service contracts. Accordingly, we benefit from an integrated global strategy, which sets priorities and establishes accountability across the full product life cycle.

The current status of significant factors affecting our business environment in 2024 is discussed below. For additional discussion, refer to the "Business Overview" section in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 [Form 10-K](#).

**UpLift**

Announced in July 2023, UpLift is a program with the goal of transforming our operating model. UpLift will include the standardization of our processes and improvement of our supply chain procurement, among other aspects of the program, as well as restructuring actions. We expect UpLift to generate approximately \$150 million in annual savings by mid-year 2025, with restructuring and other incremental costs to complete the transformation ("UpLift transformation costs") over that period of approximately the same amount.

UpLift costs incurred are as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
UpLift restructuring action costs	\$ 1	\$ —
UpLift transformation costs	12	—
Total UpLift costs	<u>\$ 13</u>	<u>\$ —</u>

UpLift restructuring action costs of \$26 million have been incurred since the beginning of the program, primarily during the fourth quarter of 2023. UpLift restructuring action costs are primarily severance costs, and are recorded in Selling, general and administrative in the Condensed Consolidated Statements of Operations. For further details, refer to the discussion on restructuring costs in the "Results of Operations," as well as Note 12 to the Condensed Consolidated Financial Statements.

UpLift transformation costs of \$28 million have been incurred since the beginning of the program. These costs are primarily consulting and incremental personnel costs, and are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

**Impact of Global Macroeconomic Developments on Our Company**

Global macroeconomic developments have impacted, and continue to impact, aspects of the Company's operations and overall financial performance during the quarters ended March 31, 2024 and 2023. These macroeconomic developments include, among others, inflationary pressures, higher interest rates and tighter credit conditions. These macroeconomic trends could continue to impact our business, including impacts to overall financial performance during the remainder of 2024, as a result of the following, among other things:

- Supplier liquidity, as well as supplier and raw material capacity constraints, delays and related costs;
- Customer demand impacting our new equipment, maintenance and repair, and modernization businesses;
- Customer liquidity constraints and related credit reserves; and
- Cancellations or delays of customer orders.

We currently do not expect any significant impact to our capital and financial resources from these macroeconomic developments, including to our overall liquidity position based on our available cash and cash equivalents and our access to credit facilities and the capital markets.

See the "Liquidity and Financial Condition" section in this Form 10-Q for further detail and Item 1A. "Risk Factors" in our 2023 [Form 10-K](#) for macroeconomic risks related to our business.

**Risks Associated with Ongoing Conflicts**

The ongoing conflict between Russia and Ukraine has resulted in worldwide geopolitical and macroeconomic uncertainty, including volatile commodity markets, foreign exchange fluctuations, supply chain disruptions, increased risk of cyber-security incidents, reputational risk, increased operating costs (including fuel and other input costs), environmental, health and safety risks related to securing and maintaining facilities, additional sanctions and other regulations (including restrictions on the transfer of funds to and from Russia). We do not have operations in Russia.

To the extent possible, we continue to operate our business in Ukraine, which represented less than 1% of our revenue and operating profit for the quarter ended March 31, 2024 and year ended December 31, 2023.

Additionally, we do not have operations or material net sales in Israel or Gaza. Although we transport products through the Red Sea, we currently do not expect the recent hostilities in that region to have a material impact on our business.

We cannot predict how the events described above will evolve. If the events continue for a significant period of time or expand to other countries, and depending on the ultimate outcomes of these conflicts, which remain uncertain, they could heighten certain risks disclosed in Item 1A "Risk Factors" in our 2023 [Form 10-K](#), including but not limited to, adverse effects on macroeconomic conditions, including increased inflation, constraints on the availability of commodities, supply chain disruption and decreased business spending; cyber-incidents; disruptions to our or our business partners' global technology infrastructure, including through cyber-attack or cyber-intrusion; adverse changes in international trade policies and relations; claims, litigation and regulatory enforcement; our ability to implement and execute our business strategy; terrorist activities; our exposure to foreign currency fluctuations; reputational risk; and constraints, volatility, or disruption in the capital markets, any of which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

**Environmental, Social and Governance ("ESG")**

There have been no, and we do not expect there to be in the near term, material impacts on our business, financial condition or results of operations as a result of compliance with legislation or regulatory rules regarding climate change, from the known physical effects of climate change or as a result of implementing our ESG initiatives. Increased regulation (including SEC and European Union requirements) and other climate change concerns, however, could subject us to additional costs and restrictions, and we are not able to predict how such regulations or concerns would affect our business, operations or financial results.

For discussion of Otis' ESG goals, see the discussion under "Environmental, Social and Governance ("ESG")" in Item 1 in our 2023 [Form 10-K](#).

### **CRITICAL ACCOUNTING ESTIMATES**

Preparation of our Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the Condensed Consolidated Financial Statements, or are the most sensitive to change due to outside factors, are discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates" included in our 2023 [Form 10-K](#). Except as disclosed in Note 18 to our Condensed Consolidated Financial Statements in this Form 10-Q, pertaining to adoption of new accounting pronouncements, there have been no material changes in these policies.

## RESULTS OF OPERATIONS

### Net Sales

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Net sales	\$ 3,437	\$ 3,346
Percentage change year-over-year	2.7 %	

The factors contributing to the total percentage change year-over-year in total Net sales for the quarter ended March 31, 2024 are as follows:

Components of Net sales change:	Quarter Ended March 31, 2024
Organic volume	3.8 %
Foreign currency translation	(1.2)%
Acquisitions and divestitures, net	0.1 %
Total % change	2.7 %

The Organic volume increase of 3.8% for the quarter ended March 31, 2024 was driven by an increase in organic sales of 6.5% in Service, partially offset by a decrease of (0.5)% in New Equipment organic sales.

See the "Segment Review" section for a discussion of Net sales by segment.

### Cost of Products and Services Sold

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Total cost of products and services sold	\$ 2,409	\$ 2,350
Percentage change year-over-year	2.5 %	

The factors contributing to the percentage change year-over-year for the quarter ended March 31, 2024 in total cost of products and services sold are as follows:

Components of Cost of Products and Services Sold change:	Quarter Ended March 31, 2024
Organic volume	3.6 %
Foreign currency translation	(1.3)%
Acquisitions and divestitures, net and other	0.2 %
Total % change	2.5 %

The organic increase in Total cost of products and services sold for the quarter ended March 31, 2024 was primarily driven by the organic sales increases noted above. Inflationary pressures, including annual wage increases, were mitigated by productivity and lower commodity prices, primarily steel.

## Gross Margin

(dollars in millions)	Quarter Ended March 31,	
	2024	2023
Gross margin	\$ 1,028	\$ 996
Gross margin percentage	29.9 %	29.8 %

Gross margin percentage remained relatively flat for the quarter ended March 31, 2024, when compared to the same period for 2023.

See the "Segment Review" section below for discussion of operating results by segment.

## Research and Development

(dollars in millions)	Quarter Ended March 31,	
	2024	2023
Research and development	\$ 36	\$ 35
Percentage of Net sales	1.0 %	1.0 %

Research and development was relatively flat for the quarter ended March 31, 2024, when compared to the same period for 2023.

## Selling, General and Administrative

(dollars in millions)	Quarter Ended March 31,	
	2024	2023
Selling, general and administrative	\$ 462	\$ 455
Percentage of Net sales	13.4 %	13.6 %

Selling, general and administrative expenses increased \$7 million for the quarter ended March 31, 2024, when compared to the same period for 2023, driven by higher restructuring costs and annual wage increases, partially offset by lower costs resulting from UpLift and favorable foreign exchange impacts.

Selling, general and administrative expenses as a percentage of Net sales decreased (20) basis points for the quarter ended March 31, 2024, compared to the same period in 2023.

## Restructuring Costs

(dollars in millions)	Quarter Ended March 31,	
	2024	2023
UpLift restructuring action costs	\$ 1	\$ —
Other restructuring action costs	19	5
Total restructuring costs	\$ 20	\$ 5

We initiate restructuring actions to keep our cost structure competitive. Charges generally arise from severance related to workforce reductions, and facility exit and lease termination costs associated with the consolidation of office and manufacturing operations. We continue to closely monitor the economic environment and may undertake further restructuring actions to keep our cost structure aligned with the demands of the prevailing market conditions.

There were \$1 million of UpLift restructuring action costs for the quarter ended March 31, 2024. We also incurred \$12 million of UpLift transformation costs in the quarter ended March 31, 2024, primarily consulting and incremental personnel costs, which are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

Other restructuring action costs were \$19 million for the quarter ended March 31, 2024 and included \$9 million of costs related to 2024 actions and \$10 million of costs related to 2023 actions.

Most of the expected charges will require cash payments, which we have funded and expect to continue to fund with cash generated from operations. The table below presents approximate cash outflows related to the restructuring actions during the quarter ended March 31, 2024, and the expected cash payments to complete the actions announced:

<i>(dollars in millions)</i>	UpLift Actions	Other Actions	Total Restructuring
Cash outflows during the three months ended March 31, 2024	\$ 7	\$ 13	\$ 20
Expected cash payments remaining to complete actions announced	31	57	88

The approved UpLift restructuring actions are expected to generate approximately \$50 million in annual recurring savings by 2025, primarily in Selling, general and administrative expenses, and of which approximately \$8 million was realized during the quarter ended March 31, 2024.

For other restructuring actions, we generally expect to achieve annual recurring savings within the two-year period subsequent to initiating the actions, including \$10 million for the 2024 actions and \$42 million for the 2023 actions, of which approximately \$11 million was realized for the 2024 and 2023 actions during the quarter ended March 31, 2024.

For additional discussion of restructuring, see Note 12 to the Condensed Consolidated Financial Statements.

### Other Income (Expense), Net

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Other income (expense), net	\$ 14	\$ 7

The change in Other Income (Expense), Net, of \$7 million for the quarter ended March 31, 2024, compared to the same period in 2023, was primarily driven by the reduction of our contractual indemnity obligation payable to RTX that resulted from the TMA and other reserve adjustments, partially offset by UpLift transformation costs of \$12 million and unfavorable foreign currency mark-to-market adjustments in the quarter ended March 31, 2024.

### Interest Expense (Income), Net

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Interest expense (income), net	\$ 44	\$ 33

Interest expense (income), net increased \$11 million for the quarter ended March 31, 2024, compared to the same period in 2023, primarily driven by higher interest expense related to the \$750 million unsecured, unsubordinated debt issued in August 2023.

The average interest rate on our long-term debt for the quarters ended March 31, 2024 and 2023, was 2.5% and 2.0%, respectively. For additional discussion of borrowings, see Note 7 to the Condensed Consolidated Financial Statements.

### Income Taxes

	Quarter Ended March 31,	
	2024	2023
Effective tax rate	25.2 %	26.7 %

The decrease in the effective tax rate for the quarter ended March 31, 2024 is primarily the result of the tax impact of a reduction of our contractual indemnity obligation payable to RTX that resulted from the TMA and the excess tax benefit associated with stock option exercises in the quarter.

We anticipate some variability in the tax rate quarter to quarter from potential discrete items.

For additional discussion of income taxes and the effective income tax rate, see Note 11 to the Condensed Consolidated Financial Statements.



**Noncontrolling Interest in Subsidiaries' Earnings and Net Income Attributable to Otis Worldwide Corporation**

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
Noncontrolling interest in subsidiaries' earnings	\$ 21	\$ 21
Net income attributable to Otis Worldwide Corporation	\$ 353	\$ 331

Noncontrolling interest in subsidiaries' earnings were relatively flat for the quarter ended March 31, 2024, compared to the same period in 2023. Ownership interest in the underlying non-wholly owned subsidiaries has remained generally consistent year-over-year.

Net income attributable to Otis Worldwide Corporation increased for the quarter ended March 31, 2024, compared to the same period in 2023, due to higher operating profit (including the impact of foreign exchange rates) and a lower effective tax rate, partially offset by higher interest expense.

## Segment Review

During the quarter ended March 31, 2024, we updated our measure of segment performance (segment operating profit) used to evaluate financial performance of the operating segments and allocate resources. The financial information presented herein reflects the impact of the measure of segment performance changes for all periods presented. See Note 17 to the Condensed Consolidated Financial Statements for additional information.

Summary performance for our operating segments, reconciled to total operating profit, for the quarters ended March 31, 2024 and 2023 was as follows:

<i>(dollars in millions)</i>	Net Sales		Operating Profit		Operating Profit Margin	
	2024	2023	2024	2023	2024	2023
New Equipment	\$ 1,280	\$ 1,307	\$ 71	\$ 69	5.5%	5.3%
Service	2,157	2,039	523	479	24.2%	23.5%
Total segment	<u>\$ 3,437</u>	<u>\$ 3,346</u>	<u>594</u>	<u>548</u>	<u>17.3%</u>	<u>16.4%</u>
Corporate and Unallocated						
General corporate expenses and other			(33)	(30)		
UpLift restructuring actions			(1)	—		
Other restructuring actions			(19)	(5)		
UpLift transformation costs			(12)	—		
Separation-related reserve adjustment			15	—		
Consolidated Operating Profit			<u>\$ 544</u>	<u>\$ 513</u>	<u>15.8%</u>	<u>15.3%</u>

## New Equipment

The New Equipment segment designs, manufactures, sells and installs a wide range of passenger and freight elevators, as well as escalators and moving walkways in residential and commercial buildings and infrastructure projects. Our New Equipment customers include real-estate and building developers and general contractors that develop and/or design buildings for residential, infrastructure, commercial, retail or mixed-use activity. We sell directly to customers as well as through agents and distributors. We also sell New Equipment to government agencies to support infrastructure projects, such as airports, railways or metros.

Summary performance for New Equipment for the quarters ended March 31, 2024 and 2023 was as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,			
	2024	2023	Change	Change
Net sales	\$ 1,280	\$ 1,307	\$ (27)	(2.1)%
Cost of sales	<u>1,065</u>	<u>1,097</u>	<u>(32)</u>	<u>(2.9)%</u>
	215	210	5	2.4%
Operating expenses	144	141	3	2.1%
Operating profit	<u>\$ 71</u>	<u>\$ 69</u>	<u>\$ 2</u>	<u>2.9%</u>
Operating profit margin	5.5 %	5.3 %		

Summary analysis of the Net sales change for New Equipment for the quarter ended March 31, 2024 compared with the quarter ended March 31, 2023 was as follows:

Components of Net sales change:	Quarter Ended March 31, 2024
Organic volume	(0.5)%
Foreign currency translation	(1.6)%
Acquisitions and divestitures, net and other	— %
Total % change	(2.1)%

#### ***Quarter Ended March 31, 2024***

##### *Net sales*

The organic sales decrease of (0.5)% was driven by a decline in China, partially offset by mid-teens organic sales growth in Americas and low single-digit organic sales growth in EMEA and Asia Pacific.

##### *Operating profit*

New Equipment operating profit increased \$2 million including foreign exchange headwinds of \$(4) million. Favorable price, productivity and commodity tailwinds more than offset lower volume and regional mix headwinds. Operating margin increased 20 basis points.

##### **Service**

The Service segment performs maintenance and repair services for both our products, and those of other manufacturers, and provides modernization services to upgrade elevators and escalators. Maintenance services include inspections to ensure code compliance, preventive maintenance offerings and other customized maintenance offerings tailored to meet customer needs, as well as repair services that address equipment and component wear and tear, and breakdowns. Modernization services enhance equipment operation and improve building functionality. Modernization offerings can range from relatively simple upgrades of interior finishes and aesthetics, to complex upgrades of larger components and sub-systems. Our typical Service customers include building owners, facility managers, housing associations and government agencies that operate buildings where elevators and escalators are installed.

Summary performance for Service for the quarters ended March 31, 2024 and 2023 was as follows:

(dollars in millions)	Quarter Ended March 31,			
	2024	2023	Change	Change
Net sales	\$ 2,157	\$ 2,039	\$ 118	5.8 %
Cost of sales	1,339	1,251	88	7.0 %
	818	788	30	3.8 %
Operating expenses	295	309	(14)	(4.5)%
Operating profit	\$ 523	\$ 479	\$ 44	9.2 %
Operating profit margin	24.2 %	23.5 %		

Summary analysis of Service Net sales change for the quarter ended March 31, 2024 compared with the quarter ended March 31, 2023 was as follows:

Components of Net sales change:	Quarter Ended March 31, 2024
Organic volume	6.5 %
Foreign currency translation	(0.8)%
Acquisitions and divestitures, net	0.1 %
Total % change	5.8 %

#### ***Quarter Ended March 31, 2024***

##### *Net sales*

The organic sales increase of 6.5% is due to organic sales increases in maintenance and repair of 5.8% and in modernization of 9.7%.

Components of Net sales change:	Maintenance and Repair	Modernization
Organic volume	5.8 %	9.7 %
Foreign currency translation	(0.7)%	(1.6)%
Acquisitions and divestitures, net	0.2 %	— %
Total % change	5.3 %	8.1 %

##### *Operating profit*

Service operating profit increased \$44 million including foreign exchange headwinds of (\$3) million. Higher volume, improved pricing on maintenance contracts and productivity were partially offset by inflationary pressures including annual wage increases. Operating margin increased 70 basis points.

#### **Corporate and Unallocated**

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2024	2023
General corporate expenses and other	\$ (33)	\$ (30)
UpLift restructuring actions	(1)	—
Other restructuring actions	(19)	(5)
UpLift transformation costs	(12)	—
Separation-related reserve adjustment	15	—
Total Corporate and Unallocated	\$ (50)	\$ (35)

General corporate expenses and other for the quarter ended March 31, 2024 increased \$3 million, compared to the same period in 2023, primarily due to the impact of foreign currency mark-to-market adjustments. UpLift and costs related to the program began in the third quarter of 2023. Additionally, higher other restructuring action costs were mostly offset by the reduction of our contractual indemnity obligation payable to RTX that resulted from the TMA.

## LIQUIDITY AND FINANCIAL CONDITION

We expect to fund our ongoing operating, investing and financing requirements mainly through cash flows from operations, available liquidity through cash on hand and available bank lines of credit and access to capital markets.

As of March 31, 2024, we had cash and cash equivalents of approximately \$900 million, of which approximately 95% was held by the Company's foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost-effectiveness with which those funds can be accessed. On occasion, we are required to maintain cash deposits with certain banks with respect to contractual obligations related to acquisitions and divestitures or other legal obligations. As of March 31, 2024 and December 31, 2023, the amount of such restricted cash was approximately \$3 million and \$6 million, respectively.

From time-to-time we may need to access the capital markets to obtain financing. We may incur indebtedness or issue equity as needed. Although we believe that the arrangements in place as of March 31, 2024 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 could be impacted by many factors, including (1) our credit ratings or absence of a credit rating, (2) the liquidity of the overall capital markets and (3) the current state of the economy, including tighter credit conditions. There can be no assurance that we will continue to have access to the capital markets on terms acceptable to us.

The following table contains several key measures of our financial condition and liquidity:

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 884	\$ 1,274
Total debt	6,881	6,898
Net debt (total debt less cash and cash equivalents)	5,997	5,624
Total equity	(4,940)	(4,855)
Total capitalization (total debt plus total equity)	1,941	2,043
Net capitalization (total debt plus total equity less cash and cash equivalents)	1,057	769
Total debt to total capitalization	355 %	338 %
Net debt to net capitalization	567 %	731 %

The Company does not intend to reinvest certain undistributed earnings of our international subsidiaries that have been previously taxed in the U.S. For the remainder of the Company's undistributed international earnings, unless tax effective to repatriate, we will continue to permanently reinvest these earnings.

### Borrowings and Lines of Credit

As of March 31, 2024, we had a revolving credit agreement with various banks providing for a \$1.5 billion unsecured, unsubordinated five-year revolving credit facility. As of March 31, 2024, there were no borrowings under the revolving credit agreement. The undrawn portion of the revolving credit agreement serves as a backstop for the issuance of commercial paper.

There was no commercial paper outstanding as of March 31, 2024. For additional discussion of borrowings, see Note 7 to the Condensed Consolidated Financial Statements.

### Share Repurchase Program

On December 1, 2022, our Board of Directors approved a share repurchase program for up to \$2.0 billion of Common Stock, of which approximately \$900 million was remaining as of March 31, 2024. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended.

## Discussion of Cash Flows

The following table reflects the major categories of cash flows. For additional details, see the Condensed Consolidated Statements of Cash Flows.

(dollars in millions)	Quarter Ended March 31,	
	2024	2023
<b>Net cash flows provided by (used in):</b>		
Operating activities	\$ 171	\$ 278
Investing activities	(79)	(21)
Financing activities	(467)	(341)
Effect of foreign exchange rate changes on cash and cash equivalents	(18)	10
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>\$ (393)</b>	<b>\$ (74)</b>

### Operating activities

Cash flows from operating activities primarily represent inflows and outflows associated with our operations. Primary activities include net income from operations adjusted for non-cash transactions, working capital changes and changes in other assets and liabilities.

The year-over-year decrease in net cash provided by operating activities was primarily driven by working capital balances during the periods, including an increase in Accounts receivables, net in the quarter ended March 31, 2024 compared to a decrease the same period in 2023, due to the timing of billings.

During the quarter ended March 31, 2024, net cash provided by operating activities was \$171 million. The primary drivers of the inflow related to \$374 million of net income and changes in Contract assets and liabilities, net, due to the timing of billings on contracts compared to the progression on current contracts. These were partially offset by a decrease in Accounts payable due to the timing of payments to suppliers, an increase in Accounts receivable, net, due to the timing of billings, and a decrease in Accrued liabilities due to the timing of payments, including employee-related benefits, interest and income taxes.

During the quarter ended March 31, 2023, net cash provided by operating activities was \$278 million. The primary drivers of the inflow related to \$352 million of net income and changes in Contract assets and liabilities, net, due to the timing of billings on contracts compared to the progression on current contracts. These were partially offset by a decrease in Accounts payable due to the timing of payments to suppliers and a decrease in Accrued liabilities due to the timing of payments, including employee-related benefits and interest.

### Investing activities

Cash flows from investing activities primarily represent inflows and outflows associated with long-term assets, including capital expenditures, investments in businesses and securities, proceeds from the sale of fixed assets and the settlement of derivative contracts.

During the quarter ended March 31, 2024, net cash used in investing activities was \$79 million. The primary drivers of the outflow related to \$31 million of capital expenditures, \$30 million of acquisitions of businesses and intangible assets and \$21 million of net cash payments from the settlement of derivative instruments.

During the quarter ended March 31, 2023, net cash used in investing activities was \$21 million. The primary drivers of the outflow were \$25 million of capital expenditures and \$16 million of acquisitions of businesses and intangible assets, partially offset by \$17 million of net cash receipts from the settlement of derivative instruments.

As discussed in Note 13 to the Condensed Consolidated Financial Statements, we enter into derivative instruments for risk management purposes. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We use derivative instruments, including forward contracts and options to manage certain foreign currency and commodity price exposures.

*Financing activities*

Cash flows from financing activities primarily represent inflows and outflows associated with equity and borrowings. Primary activities include short-term and long-term borrowing activity, paying dividends to shareholders, the repurchase of our Common Stock and dividends or other payments to noncontrolling interests.

During the quarter ended March 31, 2024, net cash used in financing activities was \$467 million. The primary drivers of the outflow were the repurchases of our Common Stock of \$300 million and dividends paid on our Common Stock of \$138 million.

During the quarter ended March 31, 2023, net cash used in financing activities was \$341 million. The primary drivers of the outflow were repurchases of our Common Stock of \$175 million and dividends paid on our Common Stock of \$120 million.

### **Guaranteed Securities: Summarized Financial Information**

The following information is provided in compliance with Rule 13-01 of Regulation S-X under the Securities Exchange Act of 1934, as amended, with respect to the 2026 Euro Notes and the 2031 Euro Notes (together the "Euro Notes"), in each case issued by Highland Holdings S.à r.l. ("Highland"), a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg ("Luxembourg"). The Euro Notes are fully and unconditionally guaranteed by Otis Worldwide Corporation ("OWC") on an unsecured, unsubordinated basis. Refer to "Note 9: Borrowings and Lines of Credit" in Item 8 in our 2023 [Form 10-K](#), for additional information.

Highland is a wholly-owned, indirect consolidated subsidiary of OWC. OWC is incorporated under the laws of Delaware. As a company incorporated and existing under the laws of Luxembourg, and with its registered office in Luxembourg, Highland is subject to Luxembourg insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against it. Luxembourg bankruptcy law is significantly different from, and may be less favorable to creditors than, the bankruptcy law in effect in the United States and may make it more difficult for creditors to recover the amount they could expect to recover in liquidation under U.S. insolvency and bankruptcy rules.

The Euro Notes are not guaranteed by any of OWC's or Highland's subsidiaries (all OWC subsidiaries other than Highland are referred to herein as "non-guarantor subsidiaries"). Holders of the Euro Notes will have a direct claim only against Highland, as issuer, and OWC, as guarantor.

The following tables set forth the summarized financial information as of and for the quarter ended March 31, 2024 and as of December 31, 2023 of each of OWC and Highland on a standalone basis, which does not include the consolidated impact of the assets, liabilities, and financial results of their subsidiaries except as noted on the tables below, nor does it include any impact of intercompany eliminations as there were no intercompany transactions between OWC and Highland. This summarized financial information is not intended to present the financial position or results of operations of OWC or Highland in accordance with U.S. GAAP.

<i>(dollars in millions)</i>	Quarter Ended March 31, 2024
<b><i>OWC Statement of Operations - Standalone and Unconsolidated</i></b>	
Revenue	\$ —
Cost of revenue	—
Operating expenses	3
Income from consolidated subsidiaries	48
Income (loss) from operations excluding income from consolidated subsidiaries	12
Net income (loss) excluding income from consolidated subsidiaries	(19)

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
<b><i>OWC Balance Sheet - Standalone and Unconsolidated</i></b>		
Current assets (intercompany receivables from non-guarantor subsidiaries)	\$ —	\$ —
Current assets (excluding intercompany receivables from non-guarantor subsidiaries)	98	63
Noncurrent assets (investments in consolidated subsidiaries)	1,236	1,236
Noncurrent assets (excluding investments in consolidated subsidiaries)	38	43
Current liabilities (intercompany payables to non-guarantor subsidiaries)	4,228	3,753
Current liabilities (excluding intercompany payables to non-guarantor subsidiaries)	108	119
Noncurrent liabilities	5,855	5,880



<i>(dollars in millions)</i>	Quarter Ended March 31, 2024
<b>Highland Statement of Operations - Standalone and Unconsolidated</b>	
Revenue	\$ —
Cost of revenue	—
Operating expenses	—
Income from consolidated subsidiaries	—
Income (loss) from operations excluding income from consolidated subsidiaries	—
Net income (loss) excluding income from consolidated subsidiaries	(64)

<i>(dollars in millions)</i>	March 31, 2024	December 31, 2023
<b>Highland Balance Sheet - Standalone and Unconsolidated</b>		
Current assets (intercompany receivables from non-guarantor subsidiaries)	\$ —	\$ 75
Current assets (excluding intercompany receivables from non-guarantor subsidiaries)	—	—
Noncurrent assets (investments in consolidated subsidiaries)	15,711	15,711
Noncurrent assets (intercompany receivables from non-guarantor subsidiaries)	513	518
Noncurrent assets (excluding investments in consolidated subsidiaries)	—	—
Current liabilities (intercompany payables to non-guarantor subsidiaries)	363	—
Current liabilities (excluding intercompany payables to non-guarantor subsidiaries)	3	1
Noncurrent liabilities (intercompany payables to non-guarantor subsidiaries)	3,484	3,467
Noncurrent liabilities (excluding intercompany payables to non-guarantor subsidiaries)	1,185	1,199

#### Off-Balance Sheet Arrangements and Contractual Obligations

Item 5 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 [Form 10-K](#) discloses our off-balance sheet arrangements and contractual obligations. As of March 31, 2024, there have been no material changes to these off-balance sheet arrangements and contractual obligations, outside the ordinary course of business except for those disclosed in "Note 7, Borrowings and Lines of Credit" within Item 1 of this Form 10-Q.

#### Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's market risk during the quarter ended March 31, 2024. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our 2023 [Form 10-K](#).

#### Item 4. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation under the supervision and with the participation of our management, including the President and Chief Executive Officer ("CEO"), the Executive Vice President and Chief Financial Officer ("CFO") and the Senior Vice President and Chief Accounting Officer ("CAO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO, our CFO and our CAO have concluded that, as of March 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO, our CFO and our CAO, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### Cautionary Note Concerning Factors That May Affect Future Results

This Form 10-Q 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 Otis’ 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,” “medium-term,” “near-term,” “confident,” “goals” and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, R&D spend, restructuring actions (including UpLift), credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions, or statements that relate to climate change and our intent to achieve certain ESG targets or goals, including operational impacts and costs associated therewith, 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, Otis claims 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 Otis and its businesses operate and any changes therein, including financial market conditions, fluctuations in commodity prices, and other inflationary pressures, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues (including COVID-19 and variants thereof), natural disasters, whether as a result of climate change or otherwise, and the financial condition of Otis’ customers and suppliers;
- the effect of changes in political conditions in the U.S., including in connection with the results of the 2024 election or otherwise, and other countries in which Otis and its businesses operate, including the effects of the conflict between Russia and Ukraine, the war between Israel and Hamas, and tensions between the U.S. and China, on general market conditions, commodity costs, global trade policies and related sanctions and export controls, and currency exchange rates in the near term and beyond;
- 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 or costs thereof, including credit market conditions and Otis’ capital structure;
- the timing and scope of future repurchases of Otis’ common stock (“Common Stock”), which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash;
- fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of changes in general economic conditions, geopolitical conflicts or otherwise;
- cost reduction or containment actions, restructuring costs and related savings and other consequences thereof, including with respect to UpLift;
- new business and investment opportunities;
- the outcome of legal proceedings, investigations and other contingencies;
- pension plan assumptions and future contributions;
- the impact of the negotiation of collective bargaining agreements and labor disputes and labor inflation in the markets in which Otis and its businesses operate globally;
- the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate;
- the ability of Otis to retain and hire key personnel;
- the scope, nature, impact or timing of acquisition and divestiture activity, the integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- the determination by the Internal Revenue Service (the “IRS”) and other tax authorities that the distribution or certain related transactions in connection with the Separation should be treated as taxable transactions; and
- our obligations and our disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier in connection with the Separation.

These and other factors are more fully discussed in the "Notes to Condensed Consolidated Financial Statements" under the headings "Note 1: General" and "Note 16: Contingent Liabilities" and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q and in our 2023 [Form 10-K](#) under the headings "Item 1. Business," "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" under the headings "Note 1: Business Overview" and "Note 21: Contingent Liabilities" and elsewhere in each of these filings. 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.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

See Note 16, "Contingent Liabilities to the Condensed Consolidated Financial Statements" for discussion regarding material legal proceedings.

Except as otherwise noted above, there have been no material developments in legal proceedings. For previously reported information about legal proceedings refer to Item 3 "Legal Proceedings" in our 2023 [Form 10-K](#).

### Item 1A. Risk Factors

Additional information regarding risk factors can be found under "Recent Developments" in the "Business Overview" and "Cautionary Note Concerning Factors That May Affect Future Results" sections of Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q.

Except as otherwise noted above, there have been no material changes in the Company's risk factors from those disclosed in Item 1A "Risk Factors," in our 2023 [Form 10-K](#).

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Equity Securities

The following table provides information about our purchases during the quarter ended March 31, 2024 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

2024	Total Number of Shares Purchased (thousands)	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of a Publicly Announced Program (thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (dollars in millions)
January 1 - January 31	1,895	\$ 87.65	1,895	\$ 1,034
February 1 - February 29	1,282	91.59	1,282	\$ 916
March 1 - March 31	173	95.57	173	\$ 900
Total	3,350	\$ 89.57	3,350	

<sup>(1)</sup> Average price paid per share includes any broker commissions associated with the repurchases.

On December 1, 2022, our Board of Directors approved a share repurchase program for up to \$2.0 billion of Common Stock. As of March 31, 2024, the maximum dollar value of shares that may yet be purchased under this current program was approximately \$900 million. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act.

### Item 5. Other Information

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.1	<a href="#">Otis Worldwide Corporation 2020 Long-Term Incentive Plan (As Amended and Restated as of January 1, 2024).*</a>
10.2	<a href="#">Otis Worldwide Corporation Short-Term Incentive Plan (As Amended and Restated as of January 1, 2024).*</a>
10.3	<a href="#">Schedule of Terms for Performance Share Unit Awards granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan (Effective February 6, 2024).*</a>
10.4	<a href="#">Schedule of Terms for Restricted Stock Unit Awards granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan (Effective February 6, 2024).*</a>
10.5	<a href="#">Schedule of Terms for Stock Appreciation Right Awards granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan (Effective February 6, 2024).*</a>
15	<a href="#">Letter re: unaudited interim financial information.*</a>
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification.*</a>
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification.*</a>
31.3	<a href="#">Rule 13a-14(a)/15d-14(a) Certification.*</a>
32	<a href="#">Section 1350 Certifications.*</a>
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.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

**Notes to Exhibits List:**

\* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the quarters ended March 31, 2024 and 2023, (ii) Condensed Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2024 and 2023, (iii) Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, (iv) Condensed Consolidated Statements of Cash Flows for the quarters ended March 31, 2024 and 2023, (v) Condensed Consolidated Statements of Changes in Equity for the quarters ended March 31, 2024 and 2023 and (vi) Notes to Condensed Consolidated Financial Statements.

## SIGNATURES

Pursuant to the requirements 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.

**OTIS WORLDWIDE CORPORATION**  
**(Registrant)**

Dated: April 25, 2024

by: /s/ ANURAG MAHESHWARI  
**Anurag Maheshwari**  
**Executive Vice President and Chief Financial Officer**  
(on behalf of the Registrant and as the Registrant's Principal Financial Officer)

Dated: April 25, 2024

by: /s/ MICHAEL P. RYAN  
**Michael P. Ryan**  
**Senior Vice President and Chief Accounting Officer**  
(on behalf of the Registrant and as the Registrant's Principal Accounting Officer)

**Otis Worldwide Corporation 2020 Long-Term Incentive Plan**  
**(As Amended and Restated as of January 1, 2024)**

**SECTION 1: Purpose; Definitions**

The purpose of this Plan is to enable the Corporation to implement a compensation program that correlates compensation opportunities with shareowner value, focuses management on long-term, sustainable performance, and provides the Corporation with a competitive advantage in attracting, retaining and motivating officers, employees and directors.

For purposes of this Plan, the following terms are defined as set forth below:

- a. "Affiliate" means a company or other entity in which the Corporation has an equity or other financial interest, including joint ventures and partnerships.
- b. "Applicable Exchange" means the New York Stock Exchange or such other securities exchange as may at the applicable time be the principal market for the Common Stock.
- c. "Assumed Spin-Off Award" means an award granted to certain employees, officers, and directors of the Corporation, United Technologies Corporation, Carrier Global Corporation, and their respective Subsidiaries under a Prior Plan, which award is assumed by the Corporation and converted into an Award in connection with the Spin-Off, pursuant to the terms of the Employee Matters Agreement.
- d. "Award" means a Stock Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Stock-Based Award or Cash Award granted pursuant to the terms of this Plan. For the avoidance of doubt, the term "Award" includes each Assumed Spin-Off Award.
- e. "Award Agreement" means one or more written or electronic documents or agreements setting forth the terms and conditions of a specific Award.
- f. "Board" means the Board of Directors of the Corporation.
- g. "Business Combination" has the meaning set forth in Section 10(e)(iii).
- h. "Cash Award" means an award granted to a Participant under Section 9 of this Plan.
- i. "Cause" means, unless otherwise provided in an Award Agreement: (i) conduct involving a felony criminal offense under U.S. federal or state law or an equivalent violation of the laws of any other country; (ii) dishonesty, fraud, self-dealing or material violations of civil law in the course of fulfilling the Participant's employment duties; (iii) breach of the Participant's intellectual property agreement or other written agreement with the Corporation; (iv) willful misconduct injurious to the Corporation or any of its Subsidiaries or Affiliates as shall be determined by the Committee; (v) negligent conduct injurious to the Corporation and any of its Subsidiaries and Affiliates, including negligent supervision of a subordinate who causes significant harm to the Corporation as determined by the Committee; or (vi) prior to a Change-in-Control, such other events as shall be determined by the Committee. Notwithstanding the general rule of Section 2(c), following a Change-in-Control, any determination by the Committee as to whether "Cause" exists shall be subject to de novo review. Notwithstanding the foregoing, if a Participant is covered by the Corporation's Change in Control Severance Plan, the definition of Cause for such Participant shall be as set forth in such plan.
- j. "Change-in-Control" has the meaning set forth in Section 10(e).
- k. "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department.

Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

- l. "Committee" means the Committee referred to in Section 2.
- m. "Common Stock" means common stock, par value \$.01 per share, of the Corporation.
- n. "Corporate Transaction" has the meaning set forth in Section 3(d).
- o. "Corporation" means Otis Worldwide Corporation, a Delaware corporation, or its successor.
- p. "Disability" means permanent and total disability as determined under the Corporation's long-term disability plan applicable to the Participant, or if there is no such plan applicable to the Participant, "Disability" means a determination of total disability by the Social Security Administration; provided that, in either case, the Participant's condition also qualifies as a "disability" for purposes of Section 409A(a)(2)(C) of the Code, with respect to an Award that constitutes "nonqualified deferred compensation" subject to Section 409A of the Code.
- q. "Disaffiliation" means a Subsidiary's or an Affiliate's ceasing to be a Subsidiary or Affiliate for any reason (including as a result of a public offering, or a spinoff or sale by the Corporation, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Corporation and its Affiliates.
- r. "Effective Date" has the meaning set forth in Section 12(a).
- s. "Eligible Individuals" means directors, officers, and employees of the Corporation or any of its Subsidiaries or Affiliates, and prospective directors, officers and employees who have accepted offers of employment or consultancy from the Corporation or its Subsidiaries or Affiliates.
- t. "Employee Matters Agreement" means the Employee Matters Agreement among the Corporation, United Technologies Corporation, and Carrier Global Corporation, entered into in connection with the Spin-Off.
- u. "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.
- v. "Fair Market Value" means, except as otherwise determined by the Committee, the closing price of a Share on the Applicable Exchange on the date of measurement or, if Shares were not traded on the Applicable Exchange on such measurement date, then on the next preceding date on which Shares were traded on the Applicable Exchange, as reported by such source as the Committee may select. If there is no regular public trading market for such Common Stock, the Fair Market Value of the Common Stock shall be determined by the Committee in good faith and, to the extent applicable, such determination shall be made in a manner that satisfies Sections 409A and Sections 422(c)(1) of the Code.
- w. "Full-Value Award" means any Award other than Stock Appreciation Right, Stock Option or Cash Awards.
- x. "Good Reason" means, the occurrence of any of the following without a Participant's consent: (i) a material reduction in the Participant's annual base salary, annual bonus opportunities, long-term incentive opportunities or other compensation and benefits in the aggregate from those in effect immediately prior to the Change-in-Control; (ii) a material diminution in the Participant's title, duties, authority, responsibilities, functions or reporting relationship from those in effect immediately prior to the Change-in-Control; or (iii) a mandatory relocation of the Participant's principal location of employment greater than 50 miles from immediately prior to the Change-in-Control. In order to invoke a termination for Good Reason, the Participant shall provide written notice to the Corporation of the existence of one or more of the conditions described in clauses (i) through (iii) within 90 days following the Participant's knowledge of the initial existence of such condition or conditions, and the



Corporation shall have 30 days following receipt of such written notice (the "Cure Period") during which it may cure the condition, if curable. If the Corporation fails to cure the condition constituting Good Reason during the Cure Period, the Participant must terminate employment, if at all, within one year following the end of the Cure Period in order for such termination to constitute a termination for Good Reason. The Participant's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (iii) shall not affect the Participant's ability to terminate employment for Good Reason. Notwithstanding the foregoing, if a Participant is covered by the Corporation's Change in Control Severance Plan, the definition of Good Reason for such Participant shall be as set forth in such plan.

- y. "Grant Date" means (i) the date on which the Committee by resolution selects an Eligible Individual to receive a grant of an Award and determines the number of Shares, or the formula for earning a number of Shares, to be subject to such Award or the cash amount subject to such Award and all other material terms applicable to such Award; or (ii) such later date as the Committee shall provide in such resolution.
- z. "Incentive Stock Option" means any Stock Option designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.
- aa. "Incumbent Board" has the meaning set forth in Section 10(e)(ii).
- bb. "Individual Agreement" means, after a Change-in-Control, (i) a change-in-control or severance agreement between a Participant and the Corporation or one of its Affiliates, or (ii) a change-in-control or severance plan covering a Participant that is sponsored by the Corporation or one of its Affiliates.
- cc. "Nonqualified Stock Option" means any Stock Option that is not an Incentive Stock Option.
- dd. "Other Stock-Based Award" means an award granted to a Participant under Section 8 of this Plan.
- ee. "Outstanding Corporation Common Stock" has the meaning set forth in Section 10(e)(i).
- ff. "Outstanding Corporation Voting Securities" has the meaning set forth in Section 10(e)(i).
- gg. "Participant" means an Eligible Individual to whom an Award is or has been granted.
- hh. "Performance Goals" means the performance goals established by the Committee in connection with the grant of an Award which may be based on attainment of specified levels of one or more of the following measures, or of any other measures determined by the Committee in its discretion: stock price, total shareholder return, earnings (whether based on earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization), earnings per share, return on equity, return on sales, return on assets or operating or net assets, market share, objective customer service measures or indices, pre- or after-tax income, net income, cash flow (before or after dividends or other adjustments), free cash flow, cash flow per share (before or after dividends or other adjustments), gross margin, working capital and gross inventory turnover, risk-based capital, revenues, revenue growth, return on capital (whether based on return on total capital or return on invested capital), cost control, gross profit, operating profit, unit volume, sales, in each case with respect to the Corporation or any one or more Subsidiaries, Affiliates, divisions, business units or business segments thereof, either in absolute terms or relative to the performance of one or more other companies (including an index covering multiple companies).
- ii. "Person" has the meaning set forth in Section 10(e)(i).

- jj. "Plan" means the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as amended and restated as of January 1, 2024, as such may hereinafter be amended from time to time.
- kk. "Prior Plans" means the United Technologies Corporation 2018 Long-Term Incentive Plan, the United Technologies Corporation Long-Term Incentive Plan, as amended and restated, and the Rockwell Collins, Inc. 2015 Long-Term Incentives Plan, as assumed by United Technologies Corporation.
- ll. "Replaced Award" has the meaning set forth in Section 10(b).
- mm. "Replacement Award" has the meaning set forth in Section 10(b).
- nn. "Section 16(b)" has the meaning set forth in Section 11(a).
- oo. "Share" means a share of Common Stock.
- pp. "Spin-Off" shall mean the distribution of Shares to the shareowners of United Technologies Corporation in 2020 pursuant to the Separation and Distribution Agreement between the Corporation, United Technologies Corporation, and Carrier Global Corporation, entered into in connection with such distribution.
- qq. "Stock Appreciation Right" means an Award granted under Section 5(a).
- rr. "Stock Option" means an Award granted under Section 5(b).
- ss. "Subsidiary" means any corporation, partnership, joint venture, limited company or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Corporation or any successor to the Corporation.
- tt. "Term" means the maximum period during which a Stock Appreciation Right or Stock Option may remain outstanding, subject to earlier termination upon Termination of Service or otherwise, as specified in the applicable Award Agreement.
- uu. "Termination of Service" means the termination of the applicable Participant's employment with, or performance of services for, the Corporation and any of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee: (i) if a Participant's employment with the Corporation and its Affiliates terminates but such Participant continues to provide services to the Corporation and its Affiliates in a non-employee capacity, such change in status shall not be deemed a Termination of Service, (ii) a Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Corporation and its Affiliates shall also be deemed to incur a Termination of Service if, as a result of a Disaffiliation, such Subsidiary, Affiliate or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately thereafter become an employee of, or service provider for, the Corporation or another Subsidiary or Affiliate, and (iii) a Participant shall not be deemed to have incurred a Termination of Service solely by reason of such individual's incurrence of a Disability. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Corporation and its Subsidiaries and Affiliates shall not be considered a Termination of Service. Unless otherwise determined by the Committee and/or required by applicable law, absences from employment by reason of notice periods, garden leaves or similar paid leaves implemented in contemplation of a permanent termination of employment shall not be recognized as service under this Plan. Notwithstanding the foregoing provisions of this definition, with respect to any Award that constitutes "nonqualified deferred compensation" subject to Section 409A of the Code, a Participant shall not be considered to have experienced a "Termination of Service" unless the Participant has experienced a "separation from service" within the meaning of Section 409A of the Code (a "Separation from Service"), and a Separation from Service shall be deemed to occur where the Participant and the Corporation and its Subsidiaries and Affiliates reasonably anticipate that the bona fide level of services that the Participant will perform (whether as an employee or as an independent contractor) will be permanently

reduced to a level that is less than thirty-seven and a half percent (37.5%) of the average level of bona fide services the Participant performed during the immediately preceding 36 months (or the entire period the Participant has provided services if the Participant has been providing services to the Corporation and/or any of its Subsidiaries or Affiliates for less than 36 months).

## **SECTION 2. Administration**

- a. *Committee.* This Plan shall be administered by the Board directly, or if the Board elects, by the Compensation Committee or such other committee of the Board as the Board may from time to time designate, which committee shall be composed of not less than two directors, and shall be appointed by and serve at the pleasure of the Board. All references in this Plan to the "Committee" refer to the Board as a whole, unless a separate committee has been designated or authorized consistent with the foregoing.

Subject to the terms and conditions of this Plan, the Committee shall have absolute authority:

- i. To select the Eligible Individuals to whom Awards may from time to time be granted;
- ii. To determine whether and to what extent Stock Appreciation Rights, Incentive Stock Options, Nonqualified Stock Options, Restricted Stock Units, Restricted Stock, Other Stock-Based Awards and Cash Awards or any combination thereof are to be granted hereunder;
- iii. To determine the number of Shares to be covered by each Award granted hereunder;
- iv. To approve the form of any Award Agreement and determine the terms and conditions of any Award granted hereunder, including, but not limited to, the exercise price (subject to Section 5(c)), any vesting condition, restriction or limitation (which may be related to the performance of the Participant, the Corporation or any Subsidiary or Affiliate), treatment on Termination of Service, and any vesting acceleration or forfeiture waiver regarding any Award and the Shares relating thereto, based on such factors as the Committee shall determine;
- v. To modify, amend or adjust the terms and conditions (including, but not limited to, Performance Goals and measured results when necessary or appropriate for the purposes of preserving the validity of the goals as originally set by the Committee) of any Award (subject to Sections 5(d) and 5(e)), from time to time, including, without limitation, in order to comply with tax and securities laws, including laws of countries outside of the United States, and to comply with changes of law and accounting standards;
- vi. To determine to what extent and under what circumstances Common Stock or cash payable with respect to an Award shall be deferred either automatically or at the election of a Participant;
- vii. To determine under what circumstances an Award may be settled in cash, Shares, other property or a combination of the foregoing;
- viii. To adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan as it shall, from time to time, deem advisable;
- ix. To establish any "blackout" period that the Committee in its sole discretion deems necessary or advisable;
- x. To interpret the terms and provisions of this Plan and any Award issued under this Plan (and any Award Agreement relating thereto);
- xi. To decide all other matters that must be determined in connection with an Award; and
- xii. To otherwise administer this Plan.

b. *Procedures.*

- i. The Committee may act only by a majority of its members then in office, except that the Committee may, except to the extent prohibited by applicable law, including Section 157(c) of the Delaware General Corporation Law, or the listing standards of the Applicable Exchange, allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its

responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

- ii. Subject to Section 11(a), any authority granted to the Committee may be exercised by the full Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.
- c. *Discretion of Committee.* Subject to Section 1(i), any determination made by the Committee or pursuant to delegated authority under the provisions of this Plan with respect to any Award shall be made in the sole discretion of the Committee or such delegate at the time of the grant of the Award or, unless in contravention of any express term of this Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated person pursuant to the provisions of this Plan shall be final, binding and conclusive on all persons, including the Corporation, Participants and Eligible Individuals.
- d. *Cancellation or Suspension.* Subject to Section 5(d), the Committee shall have full power and authority to determine whether, to what extent and under what circumstances any Award shall be canceled or suspended.
- e. *Award Agreements.* The terms and conditions of each Award, as determined by the Committee, shall be set forth in a written (or electronic) Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. The effectiveness of an Award shall be subject to the Participant's acceptance of the applicable Award Agreement within the time period specified in the Award Agreement, unless otherwise provided in the Award Agreement. Award Agreements may be amended only in accordance with Section 12(d) hereof.
- f. *Minimum Vesting Period.* Except for Awards granted with respect to a maximum of five percent of the Shares authorized in the first sentence of Section 3(a) and Assumed Spin-Off Awards, Award Agreements shall not provide for a designated vesting period of less than one year.
- g. *Foreign Employees and Foreign Law Considerations.* The Committee may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States, who are not compensated from a payroll maintained in the United States, and/or who are otherwise subject to (or could cause the Corporation to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, and, in furtherance of such purposes, the Committee may adopt such procedures or sub-plans as may be necessary or advisable to comply with such legal or regulatory provisions.

### SECTION 3. Common Stock Subject to Plan

- a. *Authorized Shares.* The maximum number of Shares that may be issued pursuant to Awards granted under this Plan shall be 45,000,000, which includes Shares subject to Assumed Spin-Off Awards. The maximum number of shares that may be issued pursuant to Incentive Stock Options under this Plan shall be 45,000,000. Shares issued under this Plan may be authorized and unissued Shares, treasury Shares, or Shares purchased in the open market or otherwise, at the sole discretion of the Committee. Each Share issued pursuant to a Full-Value Award will result in a reduction of the number of Shares available for issuance under this Plan by 2 Shares. Each Share issued pursuant to a Stock Option or Stock Appreciation Right will result in a reduction of the number of Shares available for issuance under this Plan by one Share.
- b. *Individual Limits.* A Participant who is not a non-employee director may not be granted: (i) Stock Appreciation Rights and Stock Options in excess of 1,250,000 Shares during any calendar year, (ii) Full-Value Awards in excess of 300,000 Shares during any calendar year, or (iii) Cash Awards in excess of \$10,000,000. Compensation payable by the Corporation to any non-employee director of the Corporation, including Awards granted under this Plan (with Awards valued based on the fair value on the Grant Date for accounting purposes) and cash fees paid or credited, may not exceed \$1,500,000 during any single calendar year. None of the foregoing limitations in this Section 3(b) shall apply to Assumed Spin-Off Awards.
- c. *Rules for Calculating Shares Issued.* To the extent that any Award is forfeited, terminates, expires or lapses instead of being exercised, or any Award is settled for cash, the Shares subject to such Awards will not be counted as Shares issued under this Plan. If the exercise price of Stock Option and/or the tax withholding obligations relating to any Award are satisfied by delivering Shares (either actually or through a signed document affirming the Participant's ownership and delivery of such Shares) or the Corporation withholding Shares relating to such Award, the gross number of Shares subject to the Award shall nonetheless be deemed to have been issued under this Plan.

#### *Adjustment Provisions.*

- i. In the event of a merger, consolidation, acquisition of property or shares, stock rights offering, liquidation, disposition for consideration of the Corporation's direct or indirect ownership of a Subsidiary or Affiliate (including by reason of a Disaffiliation), or similar event affecting the Corporation or any of its Subsidiaries (each, a "Corporate Transaction"), the Committee or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to: (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under this Plan; (B) the various maximum limitations set forth in Section 3(b) applicable to the grants to individuals of certain types of Awards; (C) the number and kind of Shares or other securities subject to outstanding Awards; (D) financial goals or measured results to preserve the validity of the original goals set by the Committee; and (E) the exercise price of outstanding Awards.
- ii. In the event of a stock dividend, stock split, reverse stock split, reorganization, share combination, or recapitalization or similar event affecting the capital structure of the Corporation, or a Disaffiliation, separation or spinoff, in each case without consideration, or other extraordinary dividend of cash or other property to the Corporation's shareholders, the Committee or the Board shall make such substitutions or adjustments as it deems appropriate and equitable to: (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under this Plan; (B) the various maximum limitations set forth in Section 3(b) applicable to the grants to individuals of certain types of Awards; (C) the number and kind of Shares or other securities subject to outstanding Awards; (D) financial goals or measured results to preserve the validity of the original goals set by the Committee; and (E) the exercise price of outstanding Awards.
- iii. In the case of Corporate Transactions, such adjustments may include: (A) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of a Corporate Transaction with respect to which

shareholders of Common Stock receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of a Stock Option or Stock Appreciation Right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Transaction over the exercise price of such Stock Appreciation Right or Stock Option shall conclusively be deemed valid); (B) the substitution of other property (including cash or other securities of the Corporation and securities of entities other than the Corporation) for the Shares subject to outstanding Awards; and (C) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including other securities of the Corporation and securities of entities other than the Corporation), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Corporation securities).

- iv. Any adjustments made pursuant to this Section 3(d) to Awards that are considered “nonqualified deferred compensation” subject to Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; and any adjustments made pursuant to Section 3(d) to Awards that are not considered “deferred compensation” subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustments, either: (A) the Awards continue not to constitute “deferred compensation” subject to Section 409A of the Code; or (B) there does not result in the imposition of any penalty taxes under Section 409A of the Code in respect of such Awards.
- v. Any adjustment under this Section 3(d) need not be applied uniformly to all Participants.

#### **SECTION 4: Eligibility**

- a. Awards may be granted under this Plan to Eligible Individuals; provided, however, that Incentive Stock Options may be granted only to employees of the Corporation and its subsidiaries or Parent Corporation (within the meaning of Section 424(f) of the Code). In connection with the Spin-Off and pursuant to the terms of the Employee Matters Agreement, certain employees, officers, and directors of the Corporation, United Technologies Corporation, and Carrier Global Corporation and their respective Subsidiaries received Assumed Spin-Off Awards.

#### **SECTION 5: Stock Appreciation Rights and Stock Options**

- a. *Nature of Stock Appreciation Rights.* Upon the exercise of a Stock Appreciation Right, the Participant shall be entitled to receive an amount in cash, or Shares with a Fair Market Value, equal to the product of (i) the excess of the Fair Market Value of one Share over the exercise price of the applicable Stock Appreciation Right, multiplied by (ii) the number of Shares in respect of which the Stock Appreciation Right has been exercised. The applicable Award Agreement shall specify whether such payment is to be made in cash or Common Stock, or shall reserve to the Committee or the Participant the right to make that determination prior to or upon the exercise of the Stock Appreciation Right.
- b. *Types of Stock Options.* Stock Options may be granted in the form of Incentive Stock Options or Nonqualified Stock Options. The Award Agreement for a Stock Option shall indicate whether the Stock Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.
- c. *Exercise Price.* The exercise price per Share subject to a Stock Appreciation Right or Stock Option shall be determined by the Committee and set forth in the applicable Award Agreement, and shall not be less than the Fair Market Value of a Share on the applicable Grant Date. In no event may any Stock Appreciation Right or Stock Option granted under this Plan be amended, other than pursuant to Section 3(d), to decrease the exercise price thereof, be cancelled in exchange for cash or other Awards or in conjunction with the grant of any new Stock Appreciation Right or Stock Option with a lower exercise price, or otherwise be subject to any action that would be treated, under the Applicable Exchange listing standards or for accounting purposes, as a “repricing” of such Stock Appreciation Right or Stock Option, unless such amendment, cancellation or action is approved by the Corporation's shareholders.

- d. *Term.* The Term of each Stock Appreciation Right and each Stock Option shall be fixed by the Committee, but no Stock Appreciation Right or Stock Option shall be exercisable more than 10 years after its Grant Date.
- e. *Exercisability; Method of Exercise.* Except as otherwise provided herein, Stock Appreciation Rights and Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. Subject to the provisions of this Section 5, Stock Appreciation Rights and Stock Options may be exercised, in whole or in part in accordance with the methods and procedures established by the Committee in the Award Agreement or otherwise.
- f. *Delivery; Rights of Shareowners.* A Participant shall not be entitled to delivery of Shares pursuant to the exercise of a Stock Appreciation Right or Stock Option until the exercise price therefore has been fully paid and applicable taxes have been withheld. Except as otherwise provided in Section 5(j), a Participant shall have all of the rights of a shareowner of the number of Shares deliverable pursuant to such Stock Appreciation Right or Stock Option (including, if applicable, the right to vote the applicable Shares), when the Participant: (i) has given written notice of exercise; (ii) if requested, has given the representation described in Section 14(a); and (iii) in the case of a Stock Option, has paid in full for such Shares.
- g. *Nontransferability of Stock Appreciation Rights and Stock Options.* No Stock Appreciation Right or Stock Option shall be transferable by a Participant other than, for no value or consideration: (i) by will or by the laws of descent and distribution; or (ii) in the case of a Stock Appreciation Right or Nonqualified Stock Option, as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to such Participant's family members, whether directly or indirectly, or by means of a trust or partnership or otherwise (for purposes of this Plan, unless otherwise determined by the Committee, "family member" shall have the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933, as amended, and any successor thereto). Any Stock Appreciation Right or Stock Option shall be exercisable, subject to the terms of this Plan, only by the Participant, the guardian or legal representative of the Participant, or any person to whom such Stock Option is transferred pursuant to this Section 5(g), it being understood that the term "holder" and "Participant" include such guardian, legal representative and other transferee; provided, however, that the term "Termination of Service" shall continue to refer to the Termination of Service of the original Participant. No Participant may enter into any agreement for the purpose of selling, transferring or otherwise engaging in any transaction that has the effect of exchanging his or her economic interest in any Award to another person or entity for a cash payment or other consideration unless first approved by a majority of the Corporation's shareowners.
- h. *Termination of Service.* The effect of a Participant's Termination of Service on any Stock Appreciation Right or Stock Option then held by the Participant shall be set forth in the applicable Award Agreement.
- i. *Additional Rules for Incentive Stock Options.* Notwithstanding any other provision of this Plan to the contrary, no Stock Option that is intended to qualify as an Incentive Stock Option may be granted to any Eligible Individual who at the time of such grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or of any Subsidiary, unless at the time such Stock Option is granted the exercise price is at least 110% of the Fair Market Value of a Share and such Stock Option by its terms is not exercisable after the expiration of five years from the date such Stock Option is granted. In addition, the aggregate Fair Market Value of the Common Stock (determined at the time a Stock Option for the Common Stock is granted) for which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year, under all of the incentive stock option plans of the Corporation and of any Subsidiary, may not exceed \$100,000. To the extent a Stock Option that by its terms was intended to be an Incentive Stock Option exceeds this \$100,000 limit, the portion of the Stock Option in excess of such limit shall be treated as a Nonqualified Stock Option.
- j. *Dividends and Dividend Equivalents.* Dividends (whether paid in cash or Shares) and dividend equivalents may not be paid or accrued on Stock Appreciation Rights or Stock Options; provided that Stock Appreciation Rights and Stock Options may be adjusted under certain circumstances in accordance with the terms of Section 3(d).

## SECTION 6: Restricted Stock

- a. *Administration.* Shares of Restricted Stock are actual Shares issued to a Participant and may be awarded either alone or in addition to other Awards granted under this Plan. The Committee shall determine the Eligible Individuals to whom and the time or times at which grants of Restricted Stock will be awarded, the number of Shares to be awarded to any Eligible Individual, the conditions for vesting, the time or times within which such Awards may be subject to forfeiture, and any other terms and conditions of the Awards, in addition to those contained in Section 6(c).
- b. *Book Entry Registration or Certificated Shares.* Shares of Restricted Stock shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates registered in the name of the Participant and bearing an appropriate legend referring to the terms, conditions and restrictions applicable to such Award.
- c. *Terms and Conditions.* Shares of Restricted Stock shall be subject to the following terms and conditions and such other terms and conditions as are set forth in the applicable Award Agreement (including the vesting or forfeiture provisions applicable upon a Termination of Service):
  - i. The Committee shall, prior to or at the time of grant, condition: (A) the vesting of an Award of Restricted Stock upon the continued service of the applicable Participant, or (B) the grant or vesting of an Award of Restricted Stock upon the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. The conditions for grant or vesting and the other provisions of Restricted Stock Awards (including any applicable Performance Goals) need not be the same with respect to each recipient.
  - ii. Subject to the provisions of this Plan and the applicable Award Agreement, during the period, if any, set by the Committee, commencing with the date of such Restricted Stock Award for which such vesting restrictions apply, and until the expiration of such period, the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Shares of Restricted Stock.
- d. *Rights of a Shareowner.* Except as provided in this Section 6 and the applicable Award Agreement, the applicable Participant shall have, with respect to the Shares of Restricted Stock, all of the rights of a shareowner of the Corporation holding the class or series of Common Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the Shares and the right to receive any dividends (subject to Section 14(e)).
- e. *Termination of Service.* The effect of a Participant's Termination of Service on his or her Restricted Stock shall be set forth in the applicable Award Agreement.

## SECTION 7: Restricted Stock Units

- a. *Nature of Awards.* Restricted stock units and deferred stock units (together, "Restricted Stock Units") are Awards denominated in Shares that will be settled, subject to the terms and conditions of the Restricted Stock Units, in a specified number of Shares or an amount of cash equal to the Fair Market Value of a specified number of Shares.
- b. *Terms and Conditions.* Restricted Stock Units shall be subject to the following terms and conditions and such other terms and conditions as are set forth in the applicable Award Agreement (including the vesting or forfeiture provisions applicable upon a Termination of Service):
  - i. The Committee shall, prior to or at the time of grant, condition: (A) the vesting of Restricted Stock Units upon the continued service of the applicable Participant, or (B) the grant or vesting of Restricted Stock Units upon the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. The conditions for grant or vesting and the other provisions of Restricted Stock Units (including any applicable Performance Goals) need not be the same with respect to each recipient. An Award of Restricted Stock Units shall be settled as and when the Restricted Stock Units vest, at a later time specified by the Committee in the applicable Award Agreement, or, if the Committee so permits, in accordance with an election of the Participant.



- ii. The Award Agreement for Restricted Stock Units shall specify whether, to what extent and on what terms and conditions the applicable Participant shall be entitled to receive payments corresponding to the dividends payable on the Common Stock (subject to Section 14(e)).
- c. *Rights of a Shareowner.* A Participant to whom Restricted Stock Units are awarded shall have no rights as a shareowner with respect to the Shares represented by the Restricted Stock Units unless and until Shares are actually delivered to the Participant in settlement thereof.
- d. *Termination of Service.* The effect of a Participant's Termination of Service on his or her Restricted Stock Units shall be set forth in the applicable Award Agreement.

## **SECTION 8: Other Stock-Based Awards**

The Committee may grant equity-based or equity-related awards not otherwise described herein in such amounts and subject to such terms and conditions consistent with the terms of this Plan as the Committee shall determine. Without limiting the generality of the preceding sentence, each such Other Stock-Based Award may: (a) involve the transfer of actual Shares to Participants, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of Shares; (b) be subject to performance-based and/or service-based conditions; (c) be in the form of phantom stock, restricted stock, restricted stock units, performance shares, deferred share units or share-denominated performance units, or other awards denominated in, or with a value determined by reference to, a number of Shares that is specified at the time of the grant of such award; and (d) be designed to comply with applicable laws of jurisdictions other than the United States.

## **SECTION 9: Cash Awards**

The Committee may grant awards that are denominated and payable in cash in such amounts and subject to such terms and conditions consistent with the terms of this Plan as the Committee shall determine.

## **SECTION 10: Change-in-Control Provisions**

- a. *General.* The provisions of this Section 10 shall, subject to Section 3(d), apply notwithstanding any other provision of this Plan to the contrary, except to the extent the Committee specifically provides otherwise in an Award Agreement.
- b. *Impact of Change-in-Control.* Upon the occurrence of a Change-in-Control: (i) all then-outstanding Stock Appreciation Rights and Stock Options shall become fully vested and exercisable, all Full-Value Awards (other than performance-based Awards), and all Cash Awards (other than performance-based Awards) shall vest in full, be free of restrictions, and be deemed to be earned and payable in an amount equal to the full value of such Award, except in each case to the extent that another Award meeting the requirements of Section 10(c) (any award meeting the requirements of Section 10(c), a "Replacement Award") is provided to the Participant pursuant to Section 3(d) to replace such Award (any award intended to be replaced by a Replacement Award, a "Replaced Award"), and (ii) any performance-based Award that is not replaced by a Replacement Award shall be deemed to be earned and payable in an amount equal to the full value of such performance-based Award (with all applicable Performance Goals deemed achieved at the greater of (x) the applicable target level; and (y) the level of achievement as determined by the Committee not later than the date of the Change-in-Control, taking into account performance through the latest date preceding the Change-in-Control as to which performance can, as a practical matter, be determined (but not later than the end of the applicable performance period)).
- c. *Replacement Awards.* An Award shall meet the conditions of this Section 10(c) (and hence qualify as a Replacement Award) if: (i) it is of the same type as the Replaced Award (except that for any Replaced Award that is performance-based, the Replacement Award shall be subject solely to time-based vesting for the remainder of the applicable performance period (or such shorter period as determined by the Committee) and the applicable Performance Goals shall be deemed to be achieved at the greater of (x) the

applicable target level; and (y) the level of achievement as determined by the Committee taking into account performance through the latest date preceding the Change-in-Control as to which performance can, as a practical matter, be determined (but not later than the end of the applicable performance period); (ii) it has a value equal to the value of the Replaced Award as of the date of the Change-in-Control, as determined by the Committee in its sole discretion consistent with Section 3(d); (iii) the underlying Replaced Award was an equity-based award, it relates to publicly traded equity securities of the Corporation or the entity surviving the Corporation following the Change-in-Control; (iv) it contains terms relating to time-based vesting (including with respect to a Termination of Service) that are substantially identical to those of the Replaced Award; and (v) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change-in-Control) as of the date of the Change-in-Control. Without limiting the generality of the foregoing, a Replacement Award may take the form of a continuation of the applicable Replaced Award if the requirements of the preceding sentence are satisfied. If a Replacement Award is granted, the Replaced Award shall not vest upon the Change-in-Control. The determination whether the conditions of this Section 10(c) are satisfied shall be made by the Committee, as constituted immediately before the Change-in-Control, in its sole discretion.

- d. *Termination of Service.* Notwithstanding any other provision of this Plan to the contrary, and unless otherwise determined by the Committee and set forth in the applicable Award Agreement, upon a Termination of Service of a Participant by the Corporation other than for Cause or by the Participant for Good Reason within 24 months (or such longer period as is specified in the applicable Award Agreement) following a Change-in-Control: (i) all Replacement Awards held by such Participant shall vest in full and be free of restrictions, and (ii) unless otherwise provided in the applicable Award Agreement, notwithstanding any other provision of this Plan to the contrary, any Stock Appreciation Right or Stock Option held by the Participant as of the date of the Change-in-Control that remains outstanding as of the date of such Termination of Service may thereafter be exercised until the expiration of the stated full Term of such Stock Appreciation Right or Nonqualified Stock Option.
- e. *Definition of Change-in-Control.* For purposes of this Plan, a “Change-in-Control” shall mean the happening of any of the following events:
  - i. An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either: (1) the then outstanding shares of common stock of the Corporation (the “Outstanding Corporation Common Stock”); or (2) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “Outstanding Corporation Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change-in-Control: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any entity controlled by the Corporation, or (4) any acquisition by any entity pursuant to a transaction that complies with clauses (1), (2) and (3) of subsection (iii) of this Section 10(e); or
  - ii. A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 10(e), any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Corporation’s shareowners, was approved by a vote of at least two-thirds of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board; or

- iii. The consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries or sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or securities of another entity by the Corporation or any of its subsidiaries (a “Business Combination”), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a noncorporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the Board of Directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
- iv. The approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.
- f. Notwithstanding any other provision of this Plan, any Award Agreement or any Individual Agreement, for any Award that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code, a Change-in-Control shall not constitute a settlement or distribution event with respect to such Award, or an event that otherwise changes the timing of settlement or distribution of such Award, unless the Change-in-Control also constitutes an event described in Section 409A(a)(2)(v) of the Code and the regulations promulgated thereunder (a “Section 409A CIC”); provided, however, that whether or not a Change-in-Control is a Section 409A CIC, such Change-in-Control shall result in the accelerated vesting of such Award to the extent provided by the Award Agreement, this Plan, any Individual Agreement or otherwise by the Committee.

#### **SECTION 11: Section 16(b); Section 409A**

- a. The provisions of this Plan are intended to ensure that no transaction under this Plan is subject to (and all such transactions will be exempt from) the short-swing profit recovery rules of Section 16(b) of the Exchange Act (“Section 16(b)”). Accordingly, the composition of the Committee shall be subject to such limitations as the Board deems appropriate to permit transactions pursuant to this Plan to be exempt (pursuant to Rule 16b-3 promulgated under the Exchange Act) from Section 16(b), and no delegation of authority by the Committee shall be permitted if such delegation would cause any such transaction to be subject to (and not exempt from) Section 16(b).
- b. This Plan and the Awards granted hereunder are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A of the Code, it is intended that this Plan be administered and interpreted in all respects in accordance with Section 409A of the Code. Each payment under any Award that constitutes “nonqualified deferred compensation” subject to Section 409A of the Code shall be treated as a separate payment for purposes of

Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award that constitutes “nonqualified deferred compensation” subject to Section 409A of the Code. Notwithstanding any other provision of this Plan or any Award Agreement to the contrary, if a Participant is a “specified employee” within the meaning of Section 409A of the Code (as determined in accordance with the methodology established by the Corporation), amounts that constitute “nonqualified deferred compensation” subject to Section 409A of the Code that would otherwise be payable by reason of a Participant’s Separation from Service during the six-month period immediately following such Separation from Service shall instead be paid or provided on the first business day following the date that is six months following the Participant’s Separation from Service. If the Participant dies following the Separation from Service and prior to the payment of any amounts delayed on account of Section 409A of the Code, such amounts shall be paid to the personal representative of the Participant’s estate within 30 days following the date of the Participant’s death.

## **SECTION 12: Term, Amendment and Termination**

- a. *Effectiveness.* Prior to the Spin-Off, this Plan was approved by the Board and by United Technologies Corporation as the sole shareowner of the Corporation. This Plan became effective on April 3, 2020, the date on which the Spin-Off occurred (the “Effective Date”).
- b. *Termination.* This Plan will terminate on the tenth anniversary of the Effective Date. Awards outstanding as of such date shall not be affected or impaired by the termination of this Plan.
- c. *Amendment of Plan.* The Board or the Committee may amend, alter, or discontinue this Plan, but no amendment, alteration or discontinuation shall be made that would materially impair the rights of the Participant with respect to a previously granted Award without such Participant’s consent, except such an amendment made to comply with applicable law, including Section 409A of the Code, Applicable Exchange listing standards or accounting rules. In addition, no amendment shall be made without the approval of the Corporation’s shareowners to the extent such approval is required by applicable law or the listing standards of the Applicable Exchange.
- d. *Amendment of Awards.* Subject to Section 5(c), the Committee may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall, without the Participant’s consent, materially impair the rights of any Participant with respect to an Award, except such an amendment made to cause this Plan or Award to comply with applicable law, including Section 409A of the Code, Applicable Exchange listing standards or accounting rules.

## **SECTION 13: Unfunded Status of Plan**

Neither the Corporation nor the Committee shall have any obligation to segregate assets or establish a trust or other arrangements to meet the obligations created under the Plan. Any liability of the Corporation to any Participant with respect to an Award shall be based solely upon contractual obligation created by the Plan and the Award Agreement. No such obligation shall be deemed to be secured by any pledge or encumbrance on the property of the Corporation.

## **SECTION 14: General Provisions**

- a. *Conditions for Issuance.* The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Corporation in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of this Plan or agreements made pursuant thereto, the Corporation shall not be required to issue or deliver any Shares (whether in certificated or book-entry form) under this Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the Applicable Exchange; (ii) any registration or other qualification of such Shares of the Corporation under any

state or federal law or regulation, or the maintaining in effect of any such registration or other qualification that the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval, or permit from any state or federal governmental agency that the Committee shall, in its absolute discretion, determine to be necessary or advisable.

- b. *Additional Compensation Arrangements.* Nothing contained in this Plan shall prevent the Corporation or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.
- c. *No Contract of Employment.* This Plan shall not constitute a contract of employment, and adoption of this Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Corporation or any Subsidiary or Affiliate to terminate the employment of any employee at any time.
- d. *Required Taxes.* No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal, state, local or foreign income, or employment or other tax purposes with respect to any Award under this Plan, such Participant shall pay to the Corporation, or make arrangements satisfactory to the Corporation regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Corporation, withholding obligations may be settled with Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement, having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes. The obligations of the Corporation under this Plan shall be conditional on such payment or arrangements, and the Corporation and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Participant. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Common Stock.
- e. *Dividends and Dividend Equivalents.* Any dividends or dividend equivalents credited with respect to any Award will be subject to the same time and/or performance-based vesting conditions applicable to such Award and shall, if vested, be delivered or paid at the same time as such Award.
- f. *Designation of Death Beneficiary.* The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of such Participant's death are to be paid or by whom any rights of such Participant, after such Participant's death, may be exercised.
- g. *Governing Law and Interpretation.* This Plan and all Awards made and actions taken hereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Plan are not part of the provisions hereof and shall have no force or effect. Whenever the words "include," "includes" or "including" are used in this Plan, they shall be deemed to be followed by the words "but not limited to" and the word "or" shall be understood to mean "and/or" where the context so requires.
- h. *Non-Transferability.* Except as otherwise provided in Section 5(g) or as determined by the Committee, Awards under this Plan are not transferable except by will or by laws of descent and distribution.
- i. *Clawback Policy.*
  - i. *Prior Awards.* All Awards granted under the Plan prior to January 1, 2024, including any proceeds from such Awards (whether paid in Shares or cash), remain subject to the terms and conditions of Section 14(i) of the Plan as in effect immediately prior to January 1, 2024 and, if applicable to the Participant, the Corporation's Erroneously Awarded Compensation Recovery Policy, as in effect from time to time. All Awards granted under the Plan on or after January 1, 2024, including any proceeds from such Awards (whether paid in Shares or cash) shall be subject as applicable to the Corporation's Erroneously Awarded Compensation Recovery Policy, as such policy may be in effect from time to time, and any other compensation clawback, recovery or similar policies required by law or regulations

(including the listing standards of the Applicable Exchange) or otherwise as adopted by the Committee, as such policies may be in effect from time to time.

- ii. *Effect of Change-in-Control.* Notwithstanding the foregoing and notwithstanding anything to the contrary in any Award Agreement or otherwise, this Section 14(i) shall not be applicable to any Participant following a Change-in-Control, except as required by applicable law or regulations (including the listing standards of the Applicable Exchange).
- iii. *Nonexclusive Remedy.* This Section 14(i) shall be a nonexclusive remedy and nothing contained in this Section 14(i) shall preclude the Corporation from pursuing any other applicable remedies available to it, whether in addition to, or in lieu of, application of this Section 14(i).
- j. *Assumed Spin-Off Awards.* Notwithstanding anything in this Plan to the contrary, each Assumed Spin-Off Award shall be subject to the terms and conditions of the Prior Plan and award agreement to which such Award was subject immediately prior to the Spin-Off, subject to the adjustment of such Award by the Compensation Committee of United Technologies Corporation and the terms of the Employee Matters Agreement, provided that following the date of the Spin-Off, each such Award shall relate solely to Shares and be administered by the Committee in accordance with the administrative procedures in effect under this Plan.

**OTIS WORLDWIDE CORPORATION  
SHORT-TERM INCENTIVE PLAN**

**(AS AMENDED AND RESTATED AS OF JANUARY 1, 2024)**

**1. Purpose**

The purpose of the Otis Worldwide Corporation Short-Term Incentive Plan (the “Plan”) is to reinforce corporate, organizational and other goals; to promote the achievement of those goals; to ensure a strong linkage of pay to performance; and to attract, retain and motivate eligible employees. The Plan became effective on April 3, 2020, the date the Company became a separate publicly traded company following its spin-off from United Technologies Corporation. The Plan was amended effective April 27, 2021, and then amended and restated as of January 1, 2024.

**2. Definitions**

For the purposes of the Plan, the following terms shall have the following meanings:

“Affiliated Entity” means any entity controlled by, controlling or under common control with the Company.

“Award” means a cash award based on the achievement of performance goals for a Performance Period.

“Board” means the Board of Directors of the Company.

“Change in Control” has the meaning set forth in the Company’s 2020 Long-Term Incentives Plan (or any successor plan thereto).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and all regulations, interpretations, and administrative guidance issued thereunder.

“Committee” means the Compensation Committee of the Board, or such other committee as the Board may from time to time designate, which committee shall be comprised of not less than two directors, and shall be appointed by and serve at the pleasure of the Board.

“Common Stock” means the common stock of the Company.

“Company” means Otis Worldwide Corporation, a Delaware corporation, or its successor.

“ELG Member” means a person who is a member of the Company’s Executive Leadership Group.

“Eligible Employee” means any employee who has been designated by the Company or an Affiliated Entity as an executive (e.g., employee grades E5 (including ELG Members), E4,

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E3, E2 and E1) and who is on the active salaried payroll of the Company or an Affiliated Entity at any time during the Performance Period to which an Award relates.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

“Executive Officer” means an officer of the Company who is subject to Section 16 of the Exchange Act.

“Performance Period” means the Company’s fiscal year, or such other period designated by the Committee.

“Plan” has the meaning set forth in Section 1.

“Section 409A” means Section 409A of the Code.

“Stub Period” means the portion of the Performance Period that ends on the date of the Change in Control.

### **3. Administration**

The Plan shall be administered by the Committee. The Committee shall have the authority in its sole and absolute discretion, subject to, and not inconsistent with, the express provisions of the Plan and applicable law, to administer the Plan (including all related Plan documents) and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, to determine who should be granted Awards and the amount of the Awards; to determine the time or times at which Awards shall be granted; to determine the terms, conditions, restrictions and performance criteria, including performance goals, relating to any Award; to determine whether, to what extent, and under what circumstances an Award may be settled, cancelled, forfeited, or surrendered; to increase or decrease the value of an Award to differentiate the performance of individual Eligible Employees and/or business or functional units of the Company; to make adjustments in performance goals or results in recognition of unusual, unexpected, or non-recurring events, including mergers, acquisitions and dispositions, or in response to changes in applicable laws, regulations, or accounting principles, or for any other reason; to construe and interpret the Plan and any Plan document; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of any Award documents; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may delegate to one or more officers of the Company such duties under the Plan as it may deem advisable, and for all purposes of the Plan, such officer(s) shall be treated as the Committee; provided, however, that the Committee shall administer the Plan for Executive Officers and ELG Members. No officer may designate himself or herself as an Award recipient under any authority delegated to the officer. All decisions, determinations and interpretations of the Committee shall be final and binding on all persons, including the



Company, Affiliated Entities, Eligible Employees (or any person claiming any rights under the Plan from or through any Eligible Employee) and any shareholder.

No member of the Board or the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

**4. Eligibility**

Only Eligible Employees may be granted Awards under the Plan.

**5. Performance Goals**

Performance goals may consist of financial, operational and strategic performance measures for the Company, an Affiliated Entity and/or any business or functional unit thereof; individual performance goals for Eligible Employees; and/or such other goals as may be determined by the Committee. Performance goals shall be set prior to, or reasonably promptly following, the start of the Performance Period.

**6. Amounts Available for Awards**

The maximum amount payable in respect an Award under the Plan to any Eligible Employee shall not exceed 200% of his or her annual short-term incentive amount; provided, however, that such maximum shall be adjusted upwards or downwards on a pro rata basis to reflect a Performance Period longer or shorter than one year. The short-term incentive target shall be expressed as a percentage of the Eligible Employee's annual salary in effect at the end of the Performance Period (or, for purposes of Section 9, the first day of the month immediately preceding the month in which a Change in Control occurs), unless otherwise specified in the Award.

**7. Determination and Payment of Awards**

Payments, if any, due in respect of Awards shall be paid in a lump sum in cash or, at the discretion of the Committee, in lieu of such cash payments, in the form of restricted stock or restricted stock units (collectively "Stock Awards") awarded under the Company's long-term incentive plan, or in any combination of cash or Stock Awards. Cash payments made in respect of Awards will be paid as soon as administratively practicable following the end of the applicable Performance Period and the Committee's determination of the achievement of the underlying performance goals, and, for Eligible Employees on a United States-based payroll, no later than the 15th day of the third month following the end of the Performance Period (or such later date that would not cause such Awards to fail to qualify as short-term deferrals under Section 409A). In order to be eligible to receive an Award, an Eligible Employee must be employed on the date the Award is paid, subject to Section 9 hereof and any rules established under the Plan from time to time. The Committee may, in its sole discretion, permit Eligible Employees to defer the payment of Awards in accordance with and subject to the terms of one or more deferred compensation plans sponsored by the Company or an Affiliated Entity. The

Committee's decisions regarding the amount of each Award shall be final, binding and conclusive for all purposes and need not be consistent among Eligible Employees.

**8. Clawback**

All Awards granted under the Plan for Performance Periods ending prior to January 1, 2024, including any proceeds from such Awards (whether paid in cash or in the form of Stock Awards), remain subject to the terms and conditions of Section 8 of the Plan as in effect immediately prior to January 1, 2024 and, if applicable to the Eligible Employee, the Company's Erroneously Awarded Compensation Recovery Policy, as such policy may be in effect from time to time. All Awards granted under the Plan for Performance Periods commencing on or after January 1, 2024, including any proceeds from such Awards (whether paid in cash or in the form of Stock Awards), shall be subject, as applicable, to the Company's Erroneously Awarded Compensation Recovery Policy, as such policy may be in effect from time to time, and any other compensation clawback, recovery or similar policies required by law or regulations (including applicable stock exchange listing standards,) or otherwise as adopted by the Committee, as such policies may be in effect from time to time.

**9. Change in Control**

Notwithstanding anything to the contrary in the Plan, upon a Change in Control this Plan shall terminate and each Eligible Employee shall be entitled to a lump sum cash payment for the Stub Period. The payment calculated prior to any pro ration to account for the Stub Period shall be the greater of (i) the Eligible Employee's short-term incentive target amount for the Performance Period or (ii) such amount determined by the Committee based upon actual performance over the portion of the Performance Period completed as the most practicable date prior to the Change in Control and projecting such performance to the end of the Performance Period. The proration will be determined by dividing the number of days completed in the Stub Period immediately prior to the date of the Change in Control by the total number of days in the Performance Period. Payments due as a result of the termination of the Plan upon a Change in Control shall be made within 30 days following the date of the Change in Control and shall be made to all Eligible Employees who were employed by the Company or an Affiliated Entity immediately prior to the date of the Change in Control regardless of whether they are still employed on the payment date.

**10. Amendment and Termination of the Plan**

The Board or the Committee shall have the right at any time to amend, suspend, discontinue or terminate the Plan; provided, however, that no amendment of the Plan shall operate to annul or diminish, without the consent of the Eligible Employee, an Award already made hereunder, and no amendment adopted in connection with or in anticipation of a Change in Control shall adversely affect an Eligible Employee's entitlement to an Award for the Stub Period after a Change in Control.

## **11. Personal Data**

In connection with managing and administering the Plan, the Company processes certain personal information about Eligible Employees including, but not limited to, name, home address, telephone number, date of birth, social insurance number, salary, nationality, job title, shares or directorships held in the Company, and details of all Awards paid or pending payment. Some of this information is collected by the Eligible Employee's local employer and is transferred to the Company, as needed, for the purposes of implementation, administration, and management of the Plan. This information may also be shared with third parties providing services to the Company in connection with the Plan, and the Company takes all necessary steps, in accordance with applicable data protection laws, to ensure that such personal information is adequately protected. The Company is headquartered in the United States, and some of its subsidiaries and affiliates are located outside of the United States. The Company will have in place standard contractual clauses approved by the European Commission to allow for transfer of personal data outside the European Union or European Economic Area. Likewise, the Company will take all necessary measures, in accordance with applicable data protection laws, to protect personal information relating to Eligible Employees located in countries with data privacy laws that is transferred to other countries. Applicable data privacy laws may provide Eligible Employees the right to review and, if factually inaccurate, correct any personal information relating to them.

## **12. Miscellaneous**

12.1. **Section 409A.** Each Award is intended to be excluded from coverage under Section 409A as a short-term deferral unless, and only to the extent that, a deferral election for such Award is made pursuant to a deferred compensation plan sponsored by the Company or an Affiliated Entity. If an Award does not qualify as a short-term deferral or for another exemption under Section 409A, it is intended that such Award will be paid in a manner that satisfies the requirements of Section 409A, and in the event any Award is payable to a "specified employee" (as determined in accordance with the methodology established by the Company in accordance with Section 409A) that would be payable during the six-month period following the specified employee's "separation from service" (as determined in accordance with the methodology established by the Company in accordance with Section 409A) shall instead be paid on the first business day of the 7th month following the separation from service to the extent necessary to avoid the imposition of any additional taxes or penalties under Section 409A.

12.2. **Additional Compensation Arrangement.** Nothing contained in this Plan shall prevent or limit the Company or any Affiliated Entity from adopting other or additional compensation arrangements for any employee.

12.3. **No Contract of Employment.** This Plan shall not constitute a contract of employment, and adoption of this Plan or the payment of Awards shall not confer upon any employee any right to continued employment or payment for future Awards, nor shall it interfere in any way with the right of the Company or any Affiliated Entity to terminate the employment of any employee at any time. Participation in the Plan is voluntary and at the complete discretion

of the Company. This Plan shall not be deemed to constitute part of an Eligible Employee's terms and conditions of employment.

12.4. **Plan Expenses.** All expenses and costs in connection with the operation of the Plan shall be borne by the Company or an Affiliated Entity and no part thereof shall be charged against Awards or to Eligible Employees.

12.5. **Withholding.** The Company or an Affiliated Entity shall have the right to deduct from Awards any applicable taxes, and any other deductions, required to be withheld with respect to such payments. In addition, the Company or an Affiliated Entity also may withhold such amounts from other amounts payable by the Company or an Affiliated Entity, subject to applicable law.

12.6. **No Limitation on Corporate Actions.** Nothing contained in the Plan shall be construed to prevent the Company or an Affiliated Entity from taking or not taking any corporate action, whether or not such action could have an adverse effect on any Awards made under the Plan. No Eligible Employee, beneficiary or other person shall have any claim as a result of any such action.

12.7. **Unfunded Plan.** The Plan is intended to constitute an unfunded plan for incentive compensation. Prior to the payment of any Award, nothing contained herein shall give any rights that are greater than those of a general creditor of the Company or an Affiliated Entity.

12.8. **Severability.** If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any of the other provisions of the Plan, and this Plan shall be construed and enforced as if such provision had not been included in the Plan.

12.9. **Governing Law.** The Plan and all actions taken thereunder shall be governed by and interpreted in accordance with and governed by the laws of the State of Delaware.

12.10. **Nontransferability.** A person's rights and interests under the Plan, including any Award previously made to such person or any amounts payable under the Plan, may not be sold, assigned, pledged, transferred or otherwise alienated or hypothecated except, in the event of death, to a designated beneficiary as may be provided in the Plan, or in the absence of such designation, by will or the laws of descent and distribution.

12.11. **Beneficiaries.** To the extent the Committee permits beneficiary designations, any payment of Awards under the Plan to a deceased Eligible Employee shall be paid to the beneficiary duly designated by the Eligible Employee in accordance with the Company's or an Affiliated Entity's practices. If no such beneficiary has been designated or survives the Eligible Employee, payment shall be made to the Eligible Employee's estate. A beneficiary designation, if such are permitted, may be changed or revoked by an Eligible Employee at any time, provided the change or revocation is filed with the Committee prior to the Eligible Employee's death.

12.12. **Successor.** All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the

existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

12.13. **Relationship to Other Benefits**. No payment of benefit under the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, termination programs and/or indemnities or severance payments, welfare or other benefit plan of the Company or any Affiliated Entity, except to the extent otherwise expressly provided in writing in such other plan or arrangement.

**Otis Worldwide Corporation  
2020 Long-Term Incentive Plan**

# **Performance Share Unit Award**

## ***Schedule of Terms***

***(February 6, 2024)***

This Schedule of Terms describes the material features of the Participant's Performance Share Unit Award (the "PSU Award" or the "Award") granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as Amended and Restated as of January 1, 2024 (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Corporation's internal employee website and at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

You should read this document carefully. There are circumstances under which your Award could be forfeited and you could be obligated to repay gains realized from the Award to the Corporation (e.g., see the "Forfeiture of Award and Repayment of Realized Gains").

If you are a Non-U.S. Participant, please refer to the Appendix for additional terms and conditions that may apply to you.

## Certain Definitions

A Performance Share Unit (a “PSU”) represents the right to receive one share of common stock of Otis Worldwide Corporation (the “Common Stock”) (or a cash payment equal to the Fair Market Value thereof). PSUs generally vest and are converted into shares of Common Stock if, and to the extent, the associated pre-established performance targets are achieved and the Participant remains employed or otherwise engaged by the Corporation or the Service Recipient through the end of the applicable performance measurement period (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that may result in accelerated vesting (see “Termination of Service” below). “Company” means Otis Worldwide Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Service Recipient” means an entity other than the Corporation in the Company group that employs or otherwise engages the Participant. “Termination Date” means the date the Participant’s employment ends, or, if different, the date the Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, and as described in more detail in the section entitled “Nature of Award,” absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

## Country-Specific Appendix

Notwithstanding any provisions in this Schedule of Terms, the PSU grant shall be subject to any special or additional terms and conditions set forth in any Appendix to this Schedule of Terms for the Participant’s work country, unless determined otherwise by the Committee. Moreover, if the Participant relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to the Participant, to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Schedule of Terms.

## Acknowledgement and Acceptance of the Otis PSU Award

The number of PSUs awarded is set forth in the Award Agreement. The recipient of the PSU Award (the “Participant”) must affirmatively acknowledge and accept the terms and conditions of the PSU Award, which are contained in this Schedule of Terms, within 150 days following the Grant Date. A failure to acknowledge and accept the PSU Award within 150 days from the Grant Date will result in the forfeiture of the PSU Award.

Participants must acknowledge and accept the terms and conditions of this PSU Award electronically via the Union Bank of Switzerland (“UBS”) *One Source* website at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS). Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this PSU Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator.

If you are employed in the State of Illinois, you (1) are advised under the Illinois Freedom to Work Act to consult with an attorney prior to agreeing to the covenants described in the section entitled “Forfeiture of Award and Repayment of Realized Gains” of this PSU Award, and

(2) have been provided at least 14 calendar days to review these covenants prior to the acceptance deadline.

## **Dividends**

PSUs granted under this Award will earn dividend equivalent units each time the Corporation pays a cash dividend to Common Stock shareholders. Dividend equivalents will be credited as additional PSUs to Awards outstanding on the dividend payment date and will vest under the same vesting conditions as the underlying PSUs. The number of additional PSUs that will be credited on any dividend payment date will equal (i) the per share cash dividend amount, multiplied by (ii) the number of PSUs subject to the PSU Award (including PSUs resulting from prior dividend equivalents), divided by (iii) the Fair Market Value of a share of Common Stock on the dividend payment date, rounded down to the nearest whole number of PSUs. No cash will be payable for any fractional dividend equivalent.

## **Vesting**

PSU Awards will vest in accordance with the schedule set forth in the Award Agreement, subject to performance relative to pre-established Performance Goals, and the Participant's continued employment or service with the Corporation or Service Recipient through the applicable performance measurement period. The Award Agreement specifies the applicable Performance Goals, performance period, vesting date, minimum performance required for vesting, range of vesting and relative weighting for each Performance Goal.

The Performance Goals for the PSU Awards for the three-year performance period (2024-2026) are cumulative Adjusted Earnings Per Share (60% weighting) and average annual Organic Sales growth (40% weighting). In addition, the Corporation's Total Shareholder Return relative to the S&P 500 Industrials Index may increase or decrease the payout of the PSU Award by up to 20%.

Adjusted Earnings Per Share (EPS) means the Corporation's adjusted diluted EPS, which represents the diluted earnings per share (a GAAP measure), excluding restructuring costs, one-time separation costs, non-recurring tax items, and other significant items.

Organic Sales means the Corporation's consolidated net sales, 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 non-operational nature.

Total Shareholder Return means the Corporation's stock price appreciation from the average of the Corporation's 20-trading day stock price prior to the beginning of the performance period to the average of the 20-trading day stock price prior to the end of the performance period, including dividends paid per share during the performance period.

Any unvested PSUs will be forfeited in the event of Termination of Service prior to the vesting date except in certain earlier terminations involving Retirement, Involuntary Termination, Disability, Change-in-Control Termination, or Death (see "Termination of Service" below).

PSUs may also be forfeited and value realized from previously vested PSUs may be recouped by the Corporation under certain circumstances (see "Forfeiture of Award and Repayment of Realized Gains" below).



## No Shareowner Rights

A PSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment or service, achievement of performance targets, and certain other conditions. The holder of a PSU has no voting or other rights accorded to owners of Common Stock unless and until PSUs are converted into shares of Common Stock.

## Payment / Conversion of PSUs

Except as otherwise noted below under “Deferral of Gain,” vested PSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the earliest to occur of (i) the date the Committee determines if, and to what extent, the PSUs have vested as a result of the achievement of the Performance Goals with respect to the performance measurement period, (ii) the date of the Participant’s death or incurrence of a Disability, or (iii) if a Change-in-Control occurs while the PSUs are outstanding (A) then if the PSUs are not replaced with a Replacement Award, the date of the Change-in-Control or (B) if the PSUs are replaced with a Replacement Award, the last day of the performance period, but in no event later than March 15th following the year in which such event occurs (see special rules for specified employees in “Specified Employees”). If Performance Goals are not met at the maximum level, the PSUs that do not vest will be cancelled without value. PSUs may be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

## Termination of Service

The treatment of PSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. PSUs held for less than one (1) year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date, unless required by applicable law.

**Retirement.** If the Participant’s termination results from Retirement, unvested PSUs held for at least one (1) year as of the Termination Date will remain outstanding and, if and to the extent the Committee determines that Performance Goals have been achieved, will vest and convert into shares of Common Stock (or cash) to be delivered to the Participant in accordance with the section entitled “Payment/Conversion of PSUs,” subject to the delay noted below under “Specified Employees,” if applicable. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- “Normal Retirement” means retirement on or after age 65;
- “Early Retirement” means retirement on or after age 55 with at least 10 years of continuous service as of the Termination Date.

The Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Corporation or the Service Recipient for Cause even if the Participant qualifies for Retirement.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

**Involuntary Termination for Cause.** If the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for Cause (as defined in the LTIP), unvested PSUs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously vested PSUs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

**Involuntary Termination other than for Cause, Death or Disability.** If the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than Cause, death or Disability, and does not constitute a Change-in Control Termination, unvested PSUs held for at least one (1) year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Corporation, if requested, a release of claims in a form and manner satisfactory to the Corporation. The pro-rata vesting of a PSU Award held for at least one (1) year will be based on the number of days during the performance measurement period that the Participant was employed with (or performed service for) the Corporation or Service Recipient, divided by the total number of days in such period, rounded up to the nearest share. The pro-rata PSUs will remain outstanding and eligible to vest per the terms of the Award. PSUs not eligible to vest under this pro-rata vesting formula will be forfeited as of the Termination Date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage, unless required by applicable law.

Example pro-rata vesting percentage calculation (assumes no dividends are paid for simplicity):

- # PSUs that vest: 900
- Performance period (01/01/2024-12/31/2026)
- % time participated in full vesting period: 50%

# of pro-rata units = (# units granted) \* (% time participated in the performance period)

450 = (900 \* 50%)

Retirement eligible Participants will be eligible to vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below.

**Voluntary Termination.** If the Participant voluntarily terminates employment or service (other than for Retirement or a Change-in-Control Termination), the Participant is not entitled to vesting and will forfeit all unvested PSUs as of the Termination Date. If the Corporation or Service Recipient terminates the Participant's employment or service after receiving notice from the Participant that the Participant is voluntarily terminating employment or service, such termination shall be considered a voluntary termination by the Participant.

**Death or Disability.** If the Participant dies while still employed by or providing services to the Corporation or the Service Recipient, or if the Participant incurs a Disability, all PSUs will vest as of the date of death or Disability, as applicable, and be converted (at target performance or such

greater amount as determined by the Committee in its discretion) to shares of Common Stock to be delivered to the Participant, Participant's estate or designated beneficiary (if such a designation has been provided to the Corporation, and to the extent the Corporation determines such designation to be valid), as may be determined in the Corporation's sole discretion (where applicable), in accordance with the section entitled "Payment/Conversion of PSUs." To be considered a Disability under this Award, the "disability" event must meet the definition under Section 409A(a)(2)(C) of the Code.

**Change-in-Control Termination.** If the PSUs are replaced with a Replacement Award in connection with a Change-in-Control in accordance with Section 10(c) of the LTIP, and the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than for Cause, death or Disability, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested PSUs will vest and be converted into shares of Common Stock (or cash) to be delivered to the Participant in accordance with the section entitled "Payment/Conversion of PSUs," subject to the delay noted below under "Specified Employees," if applicable.

**Specified Employees.** If the Participant is a "specified employee" within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Corporation) at the time of the Participant's Termination of Service, and the PSUs are accelerated and vest by reason of such Participant's Termination of Service (e.g., Change-in-Control Termination, Retirement, or Involuntary Termination), then, to the extent necessary to avoid the application of any additional tax or penalty under Section 409A of the Code and consistent with the terms of the LTIP, these vested PSUs (and unpaid accumulated dividend equivalents) will be held in the Participant's UBS account, and will not be paid or provided, until the first business day of the seventh month following the Participant's Termination Date or on the Participant's death or Disability (under the meaning of Section 409A(a)(2) of the Code) if earlier. For clarification purposes, these vested PSUs will continue to earn dividend equivalents during such delay in accordance with the section entitled "Dividends."

#### **Forfeiture of Award and Repayment of Realized Gains**

PSUs, including Common Stock, dividend equivalents, dividends and cash delivered for PSUs are subject to the Corporation's Compensation Recovery Policy (the "Compensation Recovery Policy"), as in effect from time to time, available on [www.otisinvestors.com](http://www.otisinvestors.com).

The Participant agrees that the restrictions set forth in the Compensation Recovery Policy are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants.

In addition, the Participant acknowledges that if employed in the State of Illinois, he or she has been advised to consult with an attorney before agreeing to these provisions and was provided with at least 14 calendar days to review these covenants. Further, the provisions in the Compensation Recovery Policy pertaining to non-competition shall not be enforced with respect to a Participant during such time the Participant primarily resides or works in California and shall

be modified to the extent necessary to allow the Participant to comply with the rules of professional conduct applicable to the Participant (e.g., American Bar Association Model Rule of Professional Conduct 5.6 (Restrictions on Right to Practice)).

Following a Change-in-Control, no incentive compensation clawback, recoupment or repayment policies or provisions adopted by the Corporation, including the Compensation Recovery Policy, shall apply to Awards granted under the LTIP (or any successor plan) to the Participant; provided, however, that if the Participant is subject to the Corporation's Erroneously Awarded Compensation Recovery Policy because the Participant is or was an executive officer (as defined in that policy), that policy shall continue to apply to the Participant solely to the extent the application of such policy is necessary to comply with applicable law or applicable securities exchange listing standards.

### **Adjustments**

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, PSU Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

### **Change-in-Control**

In the event of a Change-in-Control or restructuring of the Corporation, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards or Performance Goals, as the Committee may deem appropriate. In the event of a Change-in-Control where the PSUs are not replaced by a Replacement Award, the PSUs will vest in full in accordance with Section 10(b) of the LTIP.

Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

### **Awards Not to Affect Certain Transactions**

PSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

### **Responsibility for Taxes**

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Service Recipient, the Participant is responsible for all income taxes, social insurance contributions, payroll taxes, fringe benefits tax, payment on account or other tax-

related items attributable to the Participant's participation in the LTIP and legally applicable or deemed applicable to the Participant ("Tax-Related Items"). The Participant further acknowledges that the Corporation and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award or the underlying shares of Common Stock, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Fair Market Value on the date the taxable event occurs will be used to calculate the taxable income realized from the PSUs, and the amount of shares of Common Stock that may be withheld to satisfy the Tax-Related Items, except where otherwise required by applicable law, as determined in the Corporation's sole discretion.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Service Recipient to satisfy all Tax-Related Items. By accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or the Service Recipient to the Participant (including but not limited to, withholding from the Participant's regular compensation); (ii) requiring the Participant (or the Participant's estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon settlement of the PSUs; (v) withholding from dividend equivalents paid on the PSUs; or (vi) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

The Corporation and/or the Service Recipient may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in the Participant's jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Common Stock) or if not refunded, the Participant may seek a refund from the local tax authorities. In the event of under withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Service Recipient. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the Participant will be deemed to have been issued the full number of shares of Common Stock subject to the vested PSUs, notwithstanding that a number of the shares of Common Stock is held back solely for purposes of paying the Tax-Related Items.

The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation and/or the Service Recipient, if any. Further, if the Participant has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Participant acknowledges that the Corporation [and/or the Service Recipient] may be required to

withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax.

The Corporation may refuse to distribute an Award if the Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Notwithstanding the foregoing, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the withholding obligations with respect to such taxable event will be satisfied by withholding shares of Common Stock subject to the PSU Award having a Fair Market Value equal to the tax withholding amount.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

### **Deferral of Gain (U.S. based executives)**

If permitted by the Committee, a Participant who is eligible to participate in the Otis Worldwide Corporation LTIP PSU Deferral Plan may irrevocably elect to defer the conversion of vested PSUs into shares of Common Stock to a later date. The election to defer the conversion of shares must be made no later than the end of the second year of the performance measurement period, or such earlier date as may be specified by the Committee. Vested PSUs subject to a deferral election will be converted to unfunded deferred share units that will convert into shares of Common Stock on the distribution date as specified in the deferral election and the LTIP PSU Deferral Plan. Deferred share units will be credited with dividend equivalents. Under current U.S. income tax law, the Participant will generally not be subject to income taxes until the resulting deferred share units are converted to shares of Common Stock and distributed. Deferred share units will not be funded by the Corporation. In this regard, the Participant's rights to deferred share units are those of a general unsecured creditor of the Corporation. Details of the deferral of PSUs into deferred share units will be provided with the election materials. The opportunity to make such an election is subject to changes in Federal tax law. The Committee reserves the right to discontinue offering PSU deferral elections at any time for any reason it deems appropriate in its sole discretion.

### **Non-assignability**

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of the Participant in any PSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by (i) will or the applicable laws of descent and distribution or (ii) certain intra-family transfers or transfers pursuant to qualified domestic relations orders subject to procedures and requirements established by the Committee and compliance with U.S. Securities and Exchange Commission ("SEC") rules. Any other attempt to assign such rights or interest shall be void and without force or effect.

### **Nature of Award**

By accepting the grant, the Participant acknowledges, understands and agrees that:

- (i) the LTIP is established voluntarily by the Corporation, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the LTIP;
- (ii) the grant of the PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- (iii) all decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Corporation;
- (iv) the grant of the PSU Award and the Participant's participation in the LTIP shall not create a right to employment or other service relationship with the Corporation;
- (v) the grant of the PSU Award and the Participant's participation in the LTIP shall not be interpreted as forming or amending an employment or service contract with the Corporation or the Service Recipient;
- (vi) the Participant is voluntarily participating in the LTIP;
- (vii) the PSUs and the shares of Common Stock subject to the PSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (viii) the PSUs and the shares of Common Stock subject to the PSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- (ix) unless otherwise agreed with the Corporation in writing, the PSUs and the shares of Common Stock subject to the PSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary or Affiliate of the Corporation;
- (x) the future value, if any, of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
- (xi) no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or renders service or the terms of the Participant's employment or service agreement, if any);
- (xii) for purposes of the PSUs and subject to Section 409A, the Participant's employment or service relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Corporation, the Service Recipient or any other Subsidiary or Affiliate of the Corporation (regardless of the reason for such Termination of Service and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or renders service or the terms of the Participant's employment or service agreement, if any), and such date will not be extended by any notice period unless required by applicable law (e.g., the Participant's period of employment or service would not include any contractual notice period or any period of "garden leave" or similar period mandated

under employment laws in the jurisdiction where the Participant is employed or renders services or the terms of the Participant's employment or service agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Participant's PSU Award (including whether the Participant may still be considered to be providing services while on a leave of absence); and

(xiii) neither the Corporation, the Service Recipient nor any other Subsidiary or Affiliate of the Corporation shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the PSUs or of any amounts due to the Participant pursuant to the settlement of the PSUs or the subsequent sale of any shares of Common Stock acquired upon settlement.

### **Right of Discharge Reserved**

Nothing in the LTIP or in any PSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Corporation or the Service Recipient may have to terminate the employment or service agreement, if any, of any Participant at any time for any reason.

### **Administration**

The Board has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer, the Chief People Officer and the Senior Vice President Total Rewards the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Corporation who are covered under Section 16 of the Exchange Act, as amended, and to members of the Corporation's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

### **Data Privacy**

This notice supplements and should be read in conjunction with the Otis Employee Privacy Notice, available at [www.otis.com/en/us/privacy-policy](http://www.otis.com/en/us/privacy-policy). The Participant understands that the Corporation and the Service Recipient may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all PSUs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor. This information is used for the exclusive purpose of implementing, administering and managing the LTIP, which is necessary for the Corporation to fulfill its contractual obligations to Participants (and any associated legal requirements), as well as for the Corporation's own legitimate interests.

To the extent that local law requires consent for the Corporation to lawfully hold this information, the Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal information as described in this



Schedule of Terms and any other PSU grant materials ("Data") by and among, as applicable, the Service Recipient, the Corporation and its Subsidiaries and Affiliates.

The Participant understands that Data will be transferred to UBS, or such other stock plan service provider as may be selected by the Corporation in the future, which is assisting the Corporation with the implementation, administration and management of the LTIP. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Any such transfers are consistent with applicable legal requirements, as further described in the Otis Employee Privacy Notice.

The Participant understands that, under applicable law, the Participant may have certain rights in relation to the Data, including the right to access, correct, erase, and restrict the use of such information, as well as to object in certain cases. Insofar as applicable law requires the Corporation to rely on the Participant's consent to hold this information, the Participant may also have the right to withhold or withdraw such consent, but the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the LTIP. The Participant may exercise these rights, where applicable, by contacting the Corporation at [privacy@otis.com](mailto:privacy@otis.com). The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the LTIP.

### **Corporation Compliance Policies**

Participants must comply with the Corporation's Absolutes and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Corporation's Absolutes and Corporate Policy Manual are available online on the Corporation's internal home page.

### **Compliance With Law**

Notwithstanding any other provision of the LTIP or this Schedule of Terms, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Corporation shall not be required to deliver any shares issuable upon settlement of the PSU prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Corporation shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Corporation is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Participant agrees that the Corporation shall have unilateral authority to amend the Schedule of Terms without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

### **Language**

The Participant acknowledges and represents that the Participant is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in the English language, so as to enable the Participant to understand the provisions of this Schedule of Terms

and the LTIP. If the Participant has received this Schedule of Terms or any other document related to the LTIP translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

### **Electronic Delivery and Participation**

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the LTIP by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the LTIP through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

### **Severability**

The provisions of this Schedule of Terms are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

### **Imposition of Other Requirements**

The Corporation reserves the right to impose other requirements on the Participant's participation in the LTIP, on the PSU and on any shares of Common Stock acquired under the LTIP, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional Schedule of Terms or undertakings that may be necessary to accomplish the foregoing.

### **Waiver**

The Participant acknowledges that a waiver by the Corporation of breach of any provision of this Schedule of Terms or the Award Agreement shall not operate or be construed as a waiver of any other provision of this Schedule of Terms or the Award Agreement, or of any subsequent breach by the Participant or any other Participant.

### **Insider Trading/Market Abuse**

The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Corporation shares, rights to shares (e.g., PSUs) or rights linked to the value of shares (e.g., phantom awards, futures) during such times the Participant is considered to have "inside information" regarding the Corporation as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant should keep in mind third parties includes fellow employees and service providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Corporation. The Participant is responsible for complying with any restrictions and should speak to my personal advisor on this matter.

## **Exchange Control, Foreign Asset/Account and/or Tax Reporting**

Depending upon the country to which laws the Participant is subject, the Participant may have certain foreign asset/account and/or tax reporting requirements that may affect the Participant's ability to acquire or hold shares of Common Stock under the LTIP or cash received from participating in the LTIP (including from any dividends or dividend equivalents or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside the Participant's country of residence. The Participant's country may require that the Participant report such accounts, assets or transactions to the applicable authorities in the Participant's country. The Participant also may be required to repatriate cash received from participating in the LTIP to the Participant's country within a certain period of time after receipt. The Participant is responsible for knowledge of and compliance with any such regulations and should speak with the Participant's personal tax, legal and financial advisors regarding same.

## **Interpretations**

This Schedule of Terms provides a summary of terms applicable to the PSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS). In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, in its sole discretion, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms 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.

## **Governing Law and Venue**

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises under this PSU Award or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Connecticut, agree that such litigation shall be conducted in the courts of Hartford County, Connecticut, or the federal courts for the United States for the District of Connecticut, where this grant is made and/or to be performed.

## **Additional Information**

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

[StockPlanAdmin@otis.com](mailto:StockPlanAdmin@otis.com)

OR

Otis Worldwide Corporation  
Attn: Stock Plan Administrator  
One Carrier Place  
Farmington, CT 06032

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

**Appendix**  
**Otis Worldwide Corporation**  
**Performance Share Unit Award Schedule of Terms**

**Additional Terms and Conditions for Non-U.S. Participants**

This Appendix includes additional terms and conditions that govern the PSUs granted to the Participant under the LTIP if the Participant resides and/or works in one of the countries listed below. It also includes certain securities information of which the Participant should be aware. The information is based on the laws in effect in the respective countries as of **January 2024**.

Capitalized terms used but not defined in this Appendix have the meanings set forth in the LTIP and/or in this Schedule of Terms.

If the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Participant is currently residing and/or working, or if the Participant relocates to another country after the grant of the PSUs, the Corporation shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to the Participant.

## **AUSTRALIA**

**Securities Law Information.** This offer of PSUs is being made under Division 1A, Part 7.12 of the Corporations Act 2001 (Cth). If the Participant acquires shares of Common Stock under the LTIP and subsequently offers the shares of Common Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. The Participant should consult with their legal advisor before making any such offer in Australia.

## **AUSTRIA**

There are no country-specific provisions.

## **BELGIUM**

There are no country-specific provisions.

## **BRAZIL**

**Nature of Award.** This provision supplements the “Nature of Award” section of this Schedule of Terms:

By accepting this PSU Award, the Participant acknowledges and agrees that (i) the Participant is making an investment decision, and (ii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease over the vesting period, without compensation to the Participant.

Further, the Participant acknowledges and agrees that, for all legal purposes, (i) any benefits provided to the Participant under the LTIP are unrelated to the Participant's employment or service; (ii) the LTIP is not a part of the terms and conditions of the Participant's employment or service; and (iii) the income from the Participant's participation in the LTIP, if any, is not part of the Participant's remuneration from employment or service.

**Compliance with Law.** By accepting this Award, the Participant agrees to comply with all applicable Brazilian laws and pay any and all applicable Tax-Related Items associated with the vesting or settlement of the Award, the sale of shares of Common Stock acquired under the LTIP and the receipt of any dividends paid on such shares of Common Stock.

## **CANADA**

**Form of Settlement/ Payment / Conversion of PSUs.** PSUs granted to individuals residing in Canada shall be paid in shares of Common Stock only. In no event shall any PSUs be paid in cash, notwithstanding any discretion contained in the LTIP and/or in this Schedule of Terms to the contrary.

**Data Privacy.** The following provision supplements the “Data Privacy” section of this Schedule of Terms:

The Participant hereby authorizes the Corporation and the Corporation's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the LTIP. The Participant further authorizes the Corporation, the Service Recipient and/or any other Subsidiary or Affiliate to disclose and discuss such information with their advisors. The Participant also authorizes the Corporation, the Service Recipient and/or any other Subsidiary or Affiliate to record such information and to keep such information in the Participant's employee file. If the Participant is resident in Quebec, the Participant acknowledges and agrees that their personal information, including sensitive personal information, may be transferred or disclosed outside of the province of Quebec, including to the United States.

**Securities Law Information.** The Participant is permitted to sell shares of Common Stock acquired through the LTIP through the designated broker appointed by the Corporation, provided the resale of such shares takes place outside of Canada and through the facilities of a stock

exchange, which should be the case because the Common Stock is currently listed on the New York Stock Exchange.

The following provision applies only if the Participant resides in Quebec:

**French Language Documents.** A French translation of this document and certain other documents related to the RSUs will be made available to the Participant as soon as reasonably practicable upon request. The Participant understands that, from time to time, additional information related to the RSUs may be provided in English and such information may not be immediately available in French. However, upon request, the Corporation or Service Recipient will provide a translation of such information into French as soon as reasonably practicable. Notwithstanding anything to the contrary in the Schedule of Terms, and unless the Participant indicates otherwise, the French translation of this document and the LTIP will govern the Participant's participation in the LTIP.

**Documents En Langue Française.** Une traduction française de ce document et de certains autres documents relatifs aux RSUs sera mise à la disposition du Participant dès que raisonnablement possible suite à sa demande. Le Participant comprend que, de temps à autre, des informations supplémentaires relatives aux RSUs peuvent être fournies en anglais et que ces informations peuvent ne pas être immédiatement disponibles en français. Cependant, sur demande, la Société fournira une traduction de ces informations en français dès que raisonnablement possible. Nonobstant toute disposition contraire dans l'Annexe des Conditions, et sauf indication contraire du Participant, la traduction française de ce document et du LTIP régiront la participation du Participant au LTIP.

### **CHINA**

*The following provisions apply to the Participant if the Participant is subject to exchange control regulations in the People's Republic of China ("China"), including the requirements imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Corporation in its sole discretion:*

#### **Exchange Control Restrictions.**

(i) **SAFE Approval.** Notwithstanding anything to the contrary in the Schedule of Terms or the Award Agreement, the Participant will not be permitted to vest in any shares of Common Stock unless and until the necessary approvals for the LTIP have been obtained from SAFE and remain in place, as determined by the Corporation in its sole discretion. Further, the Corporation is under no obligation to issue shares of Common Stock if the Corporation has not or does not obtain SAFE approval or if any such SAFE approval subsequently becomes invalid or ceases to be in effect by the time the Participant vests in the PSUs.

(ii) **Vesting.** If upon the Participant's Termination Date, the Participant is entitled to receive vesting (whether full or pro-rata), shares shall be credited to the Participant as soon practicable. The number of shares to be credited will be determined by the Corporation in its sole discretion. Notwithstanding anything to the contrary in this Schedule of Terms or the Award Agreement, in no event will shares of Common Stock be issued pursuant to PSUs after 6 months following the Termination Date.

(iii) **Mandatory Sale Upon Termination of Employment.** Notwithstanding anything to the contrary in this Schedule of Terms or the Award Agreement, where a Participant's employment or service with the Service Recipient is terminated for whatever reason, the Corporation's broker will sell all the shares of Common Stock held by the Participant as a result of vesting and settlement of PSUs as soon as administratively practicable (and in all cases within 6 months following the Termination Date). The proceeds from such sale, less any applicable withholdings, will be delivered to the Participant (or the Participant's estate) as soon as administratively practicable.

(iv) **Broker Account.** Any shares of Common Stock issued to the Participant upon vesting and settlement of the PSUs must be maintained in an account with UBS or such other broker as may be designated by the Corporation until the shares of Common Stock are sold through that broker.

(v) **Repatriation.** The Participant understands and agrees that, due to local exchange control requirements, he or she is required to repatriate to the China all proceeds he or she receives from participation in the LTIP, including any cash dividends and the cash proceeds from the sale of the shares of Common Stock acquired upon the vesting and settlement of the PSUs. The Participant further understands that, under Chinese law, such repatriation of his or her cash proceeds will be effected through a special exchange control account established by the Corporation, the Service Recipient or another Subsidiary or Affiliate of the Corporation in China, and the Participant hereby consents and agrees that any proceeds he or she may receive as a result of participation in the LTIP will be transferred to such special account prior to being delivered to him or her. Unless the Corporation in its sole discretion decides otherwise, the proceeds will be paid to the Participant in local currency. The Corporation is under no obligation to secure any particular exchange conversion rate and the Corporation may face delays in converting the proceeds into local currency due to exchange control restrictions in China. The Participant agrees that neither the Corporation nor any Subsidiary or Affiliate can be held liable for any delay in delivering the proceeds to the Participant. The Participant agrees to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the time the sale proceeds are distributed through any such special exchange account.

(vi) **Other.** The Participant further agrees to comply with any other requirements that may be imposed by the Corporation in the future in order to facilitate compliance with exchange control requirements in China and to sign any agreements, forms and/or consents that may be reasonably requested by the Corporation (or the Corporation's designated broker) to effect any of the remittances, transfers, conversions or other processes affecting the proceeds.

### **CZECH REPUBLIC**

There are no country-specific provisions.

### **FRANCE**

**Language Consent.** By accepting the Award, the Participant confirms having read and understood the LTIP, this Schedule of Terms, and the Award Agreement, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

*Consentement Relatif à la Langue Utilisée. En acceptant l'Attribution, le Participant confirme avoir lu et compris le Plan (« LTIP »), les présents Termes et Conditions et le Contrat d'Attribution qui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.*

#### **French-Qualified PSUs.**

*The following provisions apply only if the Participant is eligible to be granted French-Qualified PSUs under the French Sub-Plan (defined below). If the Participant is ineligible to be granted French-Qualified PSUs under the French Sub-Plan, the PSUs will not qualify for the special French tax and social security treatment under Sections L. 225-197-1 to L. 225-197-6 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended.*

**Type of Grant.** The PSUs are granted as French-Qualified PSUs and are intended to qualify for the special tax and social security treatment applicable to shares of Common Stock granted for no consideration under Sections L. 225-197-1 to L. 225-197-6 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended. The French-Qualified PSUs are granted subject to the terms and conditions of the French Sub-Plan for Restricted Stock Units (the "French Sub-Plan").

Certain events may affect the status of the PSUs as French-Qualified PSUs or the underlying shares of Common Stock, and the French-Qualified PSUs or the underlying shares of Common Stock may be disqualified in the future. The Corporation does not make any undertaking or representation to maintain the qualified status of the French-Qualified PSUs or of the underlying shares of Common Stock.

Capitalized terms not defined herein, in this Schedule of Terms or in the LTIP shall have the meanings ascribed to them in the French Sub-Plan.



### ***Restrictions on Sale or Transfer of Shares.***

- (a) Minimum Mandatory Holding Period. The Participant may not sell or transfer any shares of Common Stock issued at settlement until the second anniversary of the Grant Date, or such other period as is required to comply with the minimum mandatory holding period applicable to shares underlying French-Qualified PSUs under Section L. 225-197-1 of the French Commercial Code, as amended, or by the French Tax Code or the French Social Security Code, as amended, to benefit from the special tax and social security regime in France.
- (b) Closed Periods. The Participant may not sell any shares of Common Stock issued upon settlement of the French-Qualified PSUs during certain Closed Periods, to the extent applicable to the shares underlying the French-Qualified PSUs granted by the Corporation, as described in the French Sub-Plan. Notwithstanding anything to the contrary contained in the French Sub-Plan, with regard to French-Qualified PSUs, the term “Closed Period” shall mean such period as set forth in Section L. 225-197-1 of the French Commercial Code, as amended:
- (i) thirty (30) calendar days before the announcement of an intermediate financial report or end-of-year report that the issuer is required to make public; and
  - (ii) any period during which the Chief Executive Officer (*directeur général*), any Deputy Chief Executive Officer (*directeur général délégué*), members of the Board of Directors (*council d'administration*), the Supervisory Board (*council de surveillance*), or the Executive Board (*directoire*) of the Corporation, or any employee possesses knowledge of inside information within the meaning of Article 7 of the Regulation (EU) No 596/2014 of the Market Abuse Regulation, which has not been made public.
- (c) Effect of Termination of Service. Except in the case of Participant's Termination of Service due to death or Disability, the restrictions described in provisions (a) and (b) above will continue to apply even if the Participant is no longer an employee or managing corporate officer of the Corporation or a French Entity.

***Holding Periods for Managing Corporate Officers.*** If on the Grant Date the French Participant qualifies as a managing corporate officer under French law (“*mandataires sociaux*”) or any similar official capacity of the Corporation, Service Recipient or a Subsidiary or Affiliate, the French Participant may not sell 20% of the shares of Common Stock acquired upon settlement of the French-Qualified PSUs until the termination of such official capacity, as long as this restriction is applicable to French-Qualified PSUs.

***No Transfer of French-Qualified PSUs.*** French-Qualified PSUs may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner during a French Participant's lifetime and upon death only in accordance with Section 9 of the French Sub-Plan, and only to the extent required by applicable laws (including the provisions of Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended).

***Termination of Service Due to Disability.*** In the event of Participant's Termination of Service due to Disability, as defined in the French Sub-Plan, prior to the first anniversary of the Grant Date, the PSUs shall remain outstanding and continue to vest in accordance with the French Sub-Plan.

**Termination of Service Due to Death.** In the event of Participant's Termination of Service due to death prior to the satisfaction of the vesting conditions set forth in the vesting schedule, any French-Qualified PSUs that have not vested as of such date may be requested by Participant's legal heirs within six months of the date of death and, if so requested, the shares of Common Stock subject to the French-Qualified PSUs will be issued to Participant's legal heirs.

#### **GERMANY**

There are no country-specific provisions.

#### **HONG KONG**

**Form of Settlement/ Payment / Conversion of PSUs.** PSUs granted to individuals resident in Hong Kong shall be paid in shares of Common Stock only. In no event shall any PSUs be paid in cash, notwithstanding any discretion contained in the LTIP and/or this Schedule of Terms to the contrary.

**Issuance of Shares and Sale of Shares.** This provision supplements the "Vesting" section of this Schedule of Terms: Any shares of Common Stock issued in settlement of the Award are accepted as a personal investment. In the event shares of Common Stock subject to the Award are issued to the Participant within six months of the Grant Date, the Participant agrees that the Participant will not offer the shares of Common Stock to the public in Hong Kong or otherwise dispose of any such shares prior to the six-month anniversary of the Grant Date.

**Securities Law Information.** *WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant should exercise caution in relation to the offer. If the Participant is in any doubt about any of the contents of this Schedule of Terms, the Award Agreement, the LTIP or any other incidental communication materials, the Participant should obtain independent professional advice. The Award and any shares of Common Stock issued upon settlement do not constitute a public offering of securities under Hong Kong law and are available only to service providers of the Corporation and its Subsidiaries and Affiliates. This Schedule of Terms, the Award Agreement, the LTIP and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. The Awards and any related documents are intended only for the personal use of each eligible service provider of the Service Recipient, the Corporation or any other Subsidiary or Affiliate and may not be distributed to any other person.*

#### **INDIA**

There are no country-specific provisions.

#### **ITALY**

**LTIP Document Acknowledgment.** By participating in the LTIP, the Participant acknowledges that the Participant has received a copy of the LTIP, this Schedule of Terms, and the Award Agreement and has reviewed the LTIP, this Schedule of Terms, and the Award Agreement in their entirety and fully understands and accepts all provisions of the LTIP, this Schedule of Terms, and the Award Agreement. The Participant further acknowledges that the Participant has read and specifically and expressly approves the sections of this Schedule of Terms addressing (i) Responsibility for Taxes, (ii) Non-assignability, (iii) Nature of Award, (iv) Data Privacy, (v) Compliance With Law, (vi) Imposition of Other Requirements, and (vii) Governing Law and Venue.

#### **JAPAN**

There are no country-specific provisions.

#### **KOREA**

There are no country-specific provisions.

## **LUXEMBOURG**

There are no country-specific provisions.

## **PORTUGAL**

**Language Consent.** The Participant hereby expressly declares that the Participant has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the LTIP and this Schedule of Terms.

**Conhecimento da Língua.** *Pela presente, o Participante declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo (Schedule of Terms em inglês).*

## **SINGAPORE**

**Restriction on Sale of Shares.** To the extent the Award vests within six months of the Grant Date, the Participant may not dispose of the shares of Common Stock issued upon settlement of the PSUs, or otherwise offer the shares of Common Stock to the public, prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA") or pursuant to, and in accordance with the conditions of any other applicable provision of the SFA.

**Securities Law Information.** The Award is being made to the Participant in reliance on the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.), is exempt from the prospectus and registration requirements under the SFA and is not made to the Participant with a view to the Award or underlying shares of Common Stock being subsequently offered for sale to any other party. The LTIP has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

## **SPAIN**

**Nature of Award.** This provision supplements the "Nature of Award" section of this Schedule of Terms:

By accepting the Award, the Participant consents to participation in the LTIP and acknowledges that the Participant has received a copy of the LTIP.

The Participant understands that the Corporation has unilaterally, gratuitously and in its sole discretion decided to grant an Award under the LTIP to individuals who may be contractors, directors, or employees of the Service Recipient, the Corporation, or one of its other Subsidiaries or Affiliates throughout the world. The decision is limited and entered into based upon the express assumption and condition that any Award will not economically or otherwise bind the Corporation or any Subsidiary or Affiliate, including the Service Recipient, on an ongoing basis, other than as expressly set forth in this Schedule of Terms or the Award Agreement. Consequently, the Participant understands that the Award is given on the assumption and condition that the Award shall not become part of any employment or other service contract (whether with the Corporation or any Subsidiary or Affiliate, including the Service Recipient) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the Award, which is gratuitous and discretionary, since the future value of the Award, and the underlying shares of Common Stock, is unknown and unpredictable.

Further, the Participant's participation in the LTIP is expressly conditioned on the Participant's continued and active rendering of service, such that, unless otherwise set forth in the LTIP, if the Participant's employment or service terminates for any reason, the Participant's participation in the LTIP will cease immediately. This will be the case, for example, even if (1) the Participant is considered to be unfairly dismissed without good cause (*i.e.*, subject to a "*despido improcedente*"); (2) the Participant is dismissed for disciplinary or objective reasons or due to a

collective dismissal; (3) the Participant's employment or service ceases due to a change of work location, duties or any other employment or contractual condition; (4) the Participant's employment or service ceases due to a unilateral breach of contract by the Corporation or any of its Subsidiaries and Affiliates; or (5) the Participant's employment or service terminates for any other reason whatsoever. Consequently, upon Termination of Service for any of the above reasons, the Participant automatically lose any right to participate in the LTIP on the date of the Participant's Termination of Service, as described in the LTIP, this Schedule of Terms, and the Award Agreement.

Furthermore, the Participant hereby agrees that by accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or the Service Recipient to the Participant (including but not limited to, withholding from the Participant's regular compensation); (ii) requiring the Participant (or the Participant's estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon settlement of the PSUs; (v) withholding from dividend equivalents paid on the PSUs; or (vi) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

**Securities Law Information.** The Award and shares of Common Stock described in this Schedule of Terms do not qualify under Spanish regulations as securities. No "offer of securities to the public", as defined under Spanish law, has taken place or will take place in the Spanish territory. The LTIP, this Schedule of Terms, and the Award Agreement have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores*, and do not constitute a public offering prospectus.

### **SWITZERLAND**

**Securities Law Information.** Because the offer of the Award is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Award (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Corporation or Service Recipient or (iii) have been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority ("FINMA").

### **TURKEY**

**Securities Law Information.** Shares of Common Stock acquired under the Plan cannot be sold in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "OTIS" and the shares may be sold through this exchange.

**Financial Intermediary Obligation.** Turkish residents are permitted to purchase and sell securities or derivatives traded on exchanges abroad only through a financial intermediary licensed in Turkey. Therefore, in order to sell shares of Common Stock acquired under the Plan, individuals may be required to appoint a Turkish broker to assist with the sale.

### **UNITED ARAB EMIRATES**

**Securities Law Information.** Participation in the LTIP is being offered only to eligible service providers of the Corporation and any Subsidiary or Affiliate and is in the nature of providing equity incentives to employees in the United Arab Emirates. The LTIP, this Schedule of Terms, and the Award Agreement are intended for distribution only to such service providers and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If the Participant does not

understand the contents of the LTIP, this Schedule of Terms, or the Award Agreement, the Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the LTIP. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the LTIP, this Schedule of Terms, or the Award Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

### **UNITED KINGDOM**

**Responsibility for Taxes.** This provision supplements the “Responsibility for Taxes” section of this Schedule of Terms:

Without limitation to this section of this Schedule of Terms, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Corporation or the Service Recipient or by HM Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Corporation and the Service Recipient against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant’s behalf.

Notwithstanding the foregoing, if the Participant is a director or an executive officer of the Corporation (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), the Participant acknowledges that the Participant may not be able to indemnify the Corporation or the Service Recipient for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Item(s) occurs may constitute an additional benefit to the Participant on which additional income tax and National Insurance Contributions may be payable. The Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Corporation or the Service Recipient (as appropriate) for the value of any National Insurance Contributions due on this additional benefit, which the Corporation or the Service Recipient collect by any of the means referred to in the LTIP or this Schedule of Terms.

**Section 431 Election.** The Participant agrees that the Participant is required to enter into a joint election with the Service Recipient pursuant to section 431 of Income Tax (Earnings and Pensions) Act 2003 (or such other election as the Corporation may direct for the same purpose) electing that the fair market value of the shares of Common Stock to be acquired upon the settlement of the PSU be calculated as if they were not “restricted securities.” The issuance of shares of Common Stock pursuant to the PSU Award is conditioned upon the Participant’s entering into the form of section 431 election attached immediately below.

**NOTICE TO UK PARTICIPANTS  
REGARDING THE TAX IMPACT OF ACCEPTING THE 431 ELECTION**

Because there is a risk that HM Revenue & Customs (“HMRC”) may consider the shares you acquire at settlement of your Restricted Stock Units (“RSUs”), Performance Share Units (“PSUs”) and/or exercise of your Stock Appreciation Rights (“SARs”) to be “restricted” securities, you are required to enter into a joint election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 (“431 Election”). This will ensure that you will be subject to tax on the full unrestricted market value of shares at settlement or exercise thereby avoiding any subsequent taxable event (other than upon sale of shares acquired at settlement or exercise as applicable).

**Clicking on the “ACCEPT” box indicates your acceptance of Part A of the two part “Joint Election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 for disapplication of Chapter 2 of the Income Tax (Earnings and Pensions) Act 2003”. Your employer will sign and maintain Part B on file. You should read this Notice in its entirety before accepting the 431 Election.**

**Tax Impact of Accepting the 431 Election**

By entering into the Election:

- you agree that you will be subject to income tax and National Insurance contributions on the full unrestricted market value of shares at settlement of your RSUs, PSUs and/or exercise of your SARs notwithstanding Otis Worldwide Corporation (“Corporation”)’s discretion to require you to give back shares or cash paid in connection with your awards in the event you engage in activity harmful to the Corporation as described in the “Forfeiture of Award and Repayment of Realized Gains” section of the Schedule of Terms; and
- you acknowledge that even if you have clicked on the “ACCEPT” box where indicated, the Corporation or your employer may still require you to sign a paper copy of this 431 Election (or a substantially similar form) if the Corporation determines necessary to give effect to the 431 Election.

Please read the 431 Election carefully before accepting the 431 Election.

Please print and keep a copy of the 431 Election for your records.

**Otis Worldwide Corporation**

**Joint Election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 for full disapplication of  
Chapter 2 of the Income Tax (Earnings and Pensions) Act 2003**

**Two Part Election**

**Part A - To be completed by the Employee**

**1. Between**

The Employee who has obtained authorized access to the joint election  
and

The Company (who is the Employee's employer) identified in the attached Schedule  
of the Company Registration Number provided in the attached Schedule

**2. Purpose of Election**

This joint election is made pursuant to section 431(1) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

**Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.**

**3. Application**

This joint election is made not later than 14 days after the date of acquisition of the securities by the Employee and applies to:

Number of securities	All securities
Description of securities	Shares of common stock of Otis Worldwide Corporation
Name of issuer of securities	Otis Worldwide Corporation, a Delaware corporation

acquired by the Employee on or after the date of this joint election under the terms of the Otis Worldwide Corporation 2020 Long-Term Incentive Plan.

4. Extent of Application

This election under section 431(1) ITEPA disapplies all restrictions attaching to the securities.

5. Declaration

This election will become irrevocable upon the later of the date it is signed or accepted electronically or the acquisition and each subsequent acquisition of employment-related securities to which this election applies.

In signing or electronically accepting this joint election, I agree to be bound by its terms as stated above.

.....  
Signature (Employee)                      Date      .... / .... / .....

*Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the Employee and the Service Recipient in respect of that and any later acquisition.*



**SCHEDULE TO FORM OF ELECTION – EMPLOYING COMPANY**

The employing companies to which this joint election relates are:

**Employing Company**

Otis Ltd.

**Company Registration Number**

147366

**Otis Worldwide Corporation  
2020 Long-Term Incentive Plan**

# **Restricted Stock Unit Award**

## ***Schedule of Terms***

***(February 6, 2024)***

This Schedule of Terms describes the material features of the Participant's Restricted Stock Unit Award (the "RSU Award" or the "Award") granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as Amended and Restated as of January 1, 2024 (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Corporation's internal employee website and at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

You should read this document carefully. There are circumstances under which your Award could be forfeited and you could be obligated to repay gains realized from the Award to the Corporation (e.g., see the "Forfeiture of Award and Repayment of Realized Gains").

If you are a Non-U.S. Participant, please refer to the Appendix for additional terms and conditions that may apply to you.

## Certain Definitions

A Restricted Stock Unit (an “RSU”) represents the right to receive one share of common stock of Otis Worldwide Corporation (the “Common Stock”) (or a cash payment equal to the Fair Market Value thereof). RSUs generally vest and are converted into shares of Common Stock if the Participant remains employed or otherwise engaged by the Corporation or the Service Recipient through the applicable vesting date schedule set forth on the Award Agreement (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that may result in accelerated vesting (see “Termination of Service” below). “Company” means Otis Worldwide Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Service Recipient” means an entity other than the Corporation in the Company group that employs or otherwise engages the Participant. “Termination Date” means the date the Participant’s employment ends, or, if different, the date the Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, and as described in more detail in the section entitled “Nature of Award,” absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

## Country-Specific Appendix

Notwithstanding any provisions in this Schedule of Terms, the RSU grant shall be subject to any special or additional terms and conditions set forth in any Appendix to this Schedule of Terms for the Participant’s work country, unless determined otherwise by the Committee. Moreover, if the Participant relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to the Participant, to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Schedule of Terms.

## Acknowledgement and Acceptance of the Otis RSU Award

The number of RSUs awarded is set forth in the Award Agreement. The recipient of the RSU Award (the “Participant”) must affirmatively acknowledge and accept the terms and conditions of the RSU Award, which are contained in this Schedule of Terms, within 150 days following the Grant Date. A failure to acknowledge and accept the RSU Award within 150 days from the Grant Date will result in the forfeiture of the RSU Award.

Participants must acknowledge and accept the terms and conditions of this RSU Award electronically via the Union Bank of Switzerland (“UBS”) *One Source* website at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS). Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this RSU Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator.

If you are employed in the State of Illinois, you (1) are advised under the Illinois Freedom to Work Act to consult with an attorney prior to agreeing to the covenants described in the section entitled “Forfeiture of Award and Repayment of Realized Gains” of this RSU Award, and (2) have been provided at least 14 calendar days to review these covenants prior to the acceptance deadline.

## **Dividends**

RSUs granted under this Award will earn dividend equivalent units each time the Corporation pays a cash dividend to Common Stock shareholders. Dividend equivalents will be credited as additional RSUs to Awards outstanding on the dividend payment date and will vest under the same vesting conditions as the underlying RSUs. The number of additional RSUs that will be credited on any dividend payment date will equal (i) the per share cash dividend amount, multiplied by (ii) the number of RSUs subject to the RSU Award (including RSUs resulting from prior dividend equivalents), divided by (iii) the Fair Market Value of a share of Common Stock on the dividend payment date, rounded down to the nearest whole number of RSUs. No cash will be payable for any fractional dividend equivalent.

## **Vesting**

RSU Awards will vest in accordance with the schedule set forth in the Award Agreement, subject to the Participant's continued employment or service with the Corporation or Service Recipient through each applicable vesting date. Any unvested RSUs will be forfeited in the event of Termination of Service prior to the applicable vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination, Disability, Change-in-Control Termination, or Death (see "Termination of Service" below).

RSUs may also be forfeited and value realized from previously vested RSUs may be recouped by the Corporation under certain circumstances (see "Forfeiture of Award and Repayment of Realized Gains" below).

## **No Shareowner Rights**

An RSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment or service and certain other conditions. The holder of an RSU has no voting or other rights accorded to owners of Common Stock, unless and until RSUs are converted into shares of Common Stock.

## **Payment / Conversion of RSUs**

Vested RSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the applicable vesting date (which date shall be the Termination Date to the extent that the RSUs vest on a Termination of Service due to Retirement, involuntary termination (other than for Cause, death or Disability), death, Disability or Change in Control Termination as provided below), but in no event later than March 15th following the year in which such vesting date occurs (see special rules for specified employees in "Specified Employees"). RSUs may be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

## **Termination of Service**

The treatment of RSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. RSUs held for less than one (1) year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date unless required by applicable law.

**Retirement.** If the Participant's termination results from Retirement, unvested RSUs held for at least one (1) year as of the Termination Date will fully vest and convert into shares of Common Stock (or cash) to be delivered to the Participant in accordance with the section entitled "Payment/Conversion of RSUs," subject to the delay noted below under "Specified Employees," if applicable. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- "Normal Retirement" means retirement on or after age 65;
- "Early Retirement" means retirement on or after age 55 with at least 10 years of continuous service as of the Termination Date.

The Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Corporation or the Service Recipient for Cause even if the Participant qualifies for Retirement.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

**Involuntary Termination for Cause.** If the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for Cause (as defined in the LTIP), unvested RSUs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously vested RSUs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

**Involuntary Termination other than for Cause, Death or Disability.** If the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than Cause, death or Disability, and does not constitute a Change-in Control Termination, unvested RSUs held for at least one (1) year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Corporation, if requested, a release of claims in a form and manner satisfactory to the Corporation. The pro-rata vesting of an RSU Award held for at least one (1) year will be based on the number of days during the full vesting period (e.g., three-year period if the RSU Award vests ratably over three years) that the Participant was employed with (or performed service for) the Corporation or Service Recipient, divided by the total number of days in the full vesting period, rounded up to the nearest share, and then reduced by any portion of the RSU Award that previously vested. The pro-rata RSUs will fully vest and convert into shares of Common Stock (or cash) to be delivered to the Participant in accordance with the section entitled "Payment/Conversion of RSUs." RSUs not eligible to vest under this pro-rata vesting formula will be forfeited as of the Termination Date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage, unless required by applicable law.

Example pro-rata vesting percentage calculation (assumes no dividends are paid for simplicity):

- # RSUs granted: 900
- Vesting schedule: 3-year ratable vesting (i.e., 300 on year 1, 300 on year 2, and 300 on year 3)
- % time participated in full vesting period: 50%

# of pro-rata units = (# units granted) \* (% time participated in full vesting period) – (already vested units)

$$150 = (900 * 50\%) - 300$$

Retirement eligible Participants will be eligible to vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below.

**Voluntary Termination.** If the Participant voluntarily terminates employment or service (other than for Retirement or a Change-in-Control Termination), the Participant is not entitled to vesting and will forfeit all unvested RSUs as of the Termination Date. If the Corporation or Service Recipient terminates the Participant's employment or service after receiving notice from the Participant that the Participant is voluntarily terminating employment or service, such termination shall be considered a voluntary termination by the Participant.

**Death or Disability.** If the Participant dies while still employed by, or providing services to, the Corporation or the Service Recipient, or if the Participant incurs a Disability, all unvested RSUs will vest as of the date of death or Disability, as applicable, and be converted to shares of Common Stock to be delivered to the Participant, Participant's estate or designated beneficiary (if such a designation has been provided to the Corporation, and to the extent the Corporation determines such designation to be valid), as may be determined in the Corporation's sole discretion (where applicable), in accordance with the section entitled "Payment/Conversion of RSUs." To be considered a Disability under this Award, the "disability" event must meet the definition under Section 409A(a)(2)(C) of the Code.

**Change-in-Control Termination.** If the RSUs are replaced with a Replacement Award in connection with a Change-in-Control in accordance with Section 10(c) of the LTIP, and the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than for Cause, death or Disability, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested RSUs will vest and be converted into shares of Common Stock (or cash) to be delivered to the Participant in accordance with the section entitled "Payment/Conversion of RSUs," subject to the delay noted below under "Specified Employees," if applicable.

**Specified Employees.** If the Participant is a "specified employee" within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Corporation) at the time of the Participant's Termination of Service, and the RSUs are accelerated and vest by reason of such Participant's Termination of Service (e.g., Change-in-Control Termination, Retirement, or Involuntary Termination), then, to the extent necessary to avoid the application of any additional tax or penalty under Section 409A of the Code and consistent with the terms of the LTIP, these vested RSUs (and unpaid accumulated dividend

equivalents) will be held in the Participant's UBS account, and will not be paid or provided until the first business day of the seventh month following the Participant's Termination Date or on the Participant's death or Disability (under the meaning of Section 409A(a)(2) of the Code) if earlier. For clarification purposes, these vested RSUs will continue to earn dividend equivalents during such delay in accordance with the section entitled "Dividends."

### **Forfeiture of Award and Repayment of Realized Gains**

RSUs, including Common Stock, dividend equivalents, dividends and cash delivered for RSUs, are subject to the Corporation's Compensation Recovery Policy (the "Compensation Recovery Policy"), as in effect from time to time, available on [www.otisinvestors.com](http://www.otisinvestors.com).

The Participant agrees that the restrictions set forth in the Compensation Recovery Policy are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants.

In addition, the Participant acknowledges that if employed in the State of Illinois, he or she has been advised to consult with an attorney before agreeing to these provisions and was provided with at least 14 calendar days to review these covenants. Further, the provisions in the Compensation Recovery Policy pertaining to non-competition shall not be enforced with respect to a Participant during such time the Participant primarily resides or works in California and shall be modified to the extent necessary to allow the Participant to comply with the rules of professional conduct applicable to the Participant (e.g., American Bar Association Model Rule of Professional Conduct 5.6 (Restrictions on Right to Practice)).

Following a Change-in-Control, no incentive compensation clawback, recoupment or repayment policies or provisions adopted by the Corporation, including the Compensation Recovery Policy, shall apply to Awards granted under the LTIP (or any successor plan) to the Participant; provided, however, that if the Participant is subject to the Corporation's Erroneously Awarded Compensation Recovery Policy because the Participant is or was an executive officer (as defined in that policy), that policy shall continue to apply to the Participant solely to the extent the application of such policy is necessary to comply with applicable law or applicable securities exchange listing standards.

### **Adjustments**

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, RSU Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

## **Change-in-Control**

In the event of a Change-in-Control or restructuring of the Corporation, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. In the event of a Change-in-Control where the RSUs are not replaced by a Replacement Award, the RSUs will vest in full in accordance with Section 10(b) of the LTIP.

Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

## **Awards Not to Affect Certain Transactions**

RSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

## **Responsibility for Taxes**

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Service Recipient, the Participant is responsible for all income taxes, social insurance contributions, payroll taxes, fringe benefits tax, payment on account or other tax-related items attributable to the Participant's participation in the LTIP and legally applicable or deemed applicable to the Participant ("Tax-Related Items"). The Participant further acknowledges that the Corporation and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award or the underlying shares of Common Stock, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Fair Market Value on the date the taxable event occurs will be used to calculate the taxable income realized from the RSUs, and the amount of shares of Common Stock that may be withheld to satisfy the Tax-Related Items, except where otherwise required by applicable law, as determined in the Corporation's sole discretion.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Service Recipient to satisfy all Tax-Related Items. By accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or the Service Recipient to the Participant (including but not limited to, withholding from the Participant's regular



compensation); (ii) requiring the Participant (or the Participant's estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon settlement of the RSUs; (v) withholding from dividend equivalents paid on the RSUs; or (vi) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

The Corporation and/or the Service Recipient may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in the Participant's jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Common Stock) or if not refunded, the Participant may seek a refund from the local tax authorities. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Service Recipient. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the Participant will be deemed to have been issued the full number of shares of Common Stock subject to the vested RSUs, notwithstanding that a number of the shares of Common Stock is held back solely for purposes of paying the Tax-Related Items.

The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation and/or the Service Recipient, if any. Further, if the Participant has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Participant acknowledges that the Corporation and/or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax.

The Corporation may refuse to distribute an Award if the Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Notwithstanding the foregoing, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the withholding obligations with respect to such taxable event will be satisfied by withholding shares of Common Stock subject to the RSU Award having a Fair Market Value equal to the tax withholding amount.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

### **Non-assignability**

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of the Participant in any RSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by (i) will or the applicable laws of descent and distribution or (ii) certain intra-family transfers or transfers pursuant to qualified domestic relations orders subject to procedures and requirements established by the Committee and

compliance with U.S. Securities and Exchange Commission ("SEC") rules. Any other attempt to assign such rights or interest shall be void and without force or effect.

### **Nature of Award**

By accepting the grant, the Participant acknowledges, understands and agrees that:

- (i) the LTIP is established voluntarily by the Corporation, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the LTIP;
- (ii) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (iii) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Corporation;
- (iv) the grant of the RSU Award and the Participant's participation in the LTIP shall not create a right to employment or other service relationship with the Corporation;
- (v) the grant of the RSU Award and the Participant's participation in the LTIP shall not be interpreted as forming or amending an employment or service contract with the Corporation or the Service Recipient;
- (vi) the Participant is voluntarily participating in the LTIP;
- (vii) the RSUs and the shares of Common Stock subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (viii) the RSUs and the shares of Common Stock subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- (ix) unless otherwise agreed with the Corporation in writing, the RSUs and the shares of Common Stock subject to the RSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary or Affiliate of the Corporation;
- (x) the future value, if any, of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
- (xi) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or renders service or the terms of the Participant's employment or service agreement, if any);

(xii) for purposes of the RSUs and subject to Section 409A, the Participant's employment or service relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Corporation, the Service Recipient or any other Subsidiary or Affiliate of the Corporation (regardless of the reason for such Termination of Service and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or renders service or the terms of the Participant's employment or service agreement, if any), and such date will not be extended by any notice period unless required by applicable law (e.g., the Participant's period of employment or service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or renders services or the terms of the Participant's employment or service agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Participant's RSU Award (including whether the Participant may still be considered to be providing services while on a leave of absence); and

(xiii) neither the Corporation, the Service Recipient nor any other Subsidiary or Affiliate of the Corporation shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any shares of Common Stock acquired upon settlement.

### **Right of Discharge Reserved**

Nothing in the LTIP or in any RSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Corporation or the Service Recipient may have to terminate the employment or service agreement, if any, of any Participant at any time for any reason.

### **Administration**

The Board has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer, the Chief People Officer and the Senior Vice President Total Rewards the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Corporation who are covered under Section 16 of the Exchange Act, as amended, and to members of the Corporation's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

### **Data Privacy**

This notice supplements and should be read in conjunction with the Otis Employee Privacy Notice, available at [www.otis.com/en/us/privacy-policy](http://www.otis.com/en/us/privacy-policy). The Participant understands that the Corporation and the Service Recipient may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all RSUs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested

or outstanding in the Participant's favor. This information is used for the exclusive purpose of implementing, administering and managing the LTIP, which is necessary for the Corporation to fulfill its contractual obligations to Participants (and any associated legal requirements), as well as for the Corporation's own legitimate interests.

To the extent that local law requires consent for the Corporation to lawfully hold this information, the Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal information as described in this Schedule of Terms and any other RSU grant materials ("Data") by and among, as applicable, the Service Recipient, the Corporation and its Subsidiaries and Affiliates.

The Participant understands that Data will be transferred to UBS, or such other stock plan service provider as may be selected by the Corporation in the future, which is assisting the Corporation with the implementation, administration and management of the LTIP. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Any such transfers are consistent with applicable legal requirements, as further described in the Otis Employee Privacy Notice.

The Participant understands that, under applicable law, the Participant may have certain rights in relation to the Data, including the right to access, correct, erase, and restrict the use of such information, as well as to object in certain cases. Insofar as applicable law requires the Corporation to rely on the Participant's consent to hold this information, the Participant may also have the right to withhold or withdraw such consent, but the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the LTIP. The Participant may exercise these rights, where applicable, by contacting the Corporation at [privacy@otis.com](mailto:privacy@otis.com). The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the LTIP.

### **Corporation Compliance Policies**

Participants must comply with the Corporation's Absolutes and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Corporation's Absolutes and Corporate Policy Manual are available online on the Corporation's internal home page.

### **Compliance With Law**

Notwithstanding any other provision of the LTIP or this Schedule of Terms, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Corporation shall not be required to deliver any shares issuable upon settlement of the RSU prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Corporation shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Corporation is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Participant agrees that the Corporation shall have

unilateral authority to amend the Schedule of Terms without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

### **Language**

The Participant acknowledges and represents that the Participant is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in the English language, so as to enable the Participant to understand the provisions of this Schedule of Terms and the LTIP. If the Participant has received this Schedule of Terms or any other document related to the LTIP translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

### **Electronic Delivery and Participation**

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the LTIP by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the LTIP through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

### **Severability**

The provisions of this Schedule of Terms are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

### **Imposition of Other Requirements**

The Corporation reserves the right to impose other requirements on the Participant's participation in the LTIP, on the RSU and on any shares of Common Stock acquired under the LTIP, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional Schedule of Terms or undertakings that may be necessary to accomplish the foregoing.

### **Waiver**

The Participant acknowledges that a waiver by the Corporation of breach of any provision of this Schedule of Terms or the Award Agreement shall not operate or be construed as a waiver of any other provision of this Schedule of Terms or the Award Agreement, or of any subsequent breach by the Participant or any other Participant.

### **Insider Trading/Market Abuse**

The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Corporation shares, rights to shares (e.g., RSUs) or rights linked to the value of shares (e.g., phantom awards, futures) during such times the Participant is considered to have "inside information" regarding the Corporation as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside

information to any third party and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. The Participant should keep in mind third parties includes fellow employees and service providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Corporation. The Participant is responsible for complying with any restrictions and should speak to my personal advisor on this matter.

### **Exchange Control, Foreign Asset/Account and/or Tax Reporting**

Depending upon the country to which laws the Participant is subject, the Participant may have certain foreign asset/account and/or tax reporting requirements that may affect the Participant’s ability to acquire or hold shares of Common Stock under the LTIP or cash received from participating in the LTIP (including from any dividends or dividend equivalents or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside the Participant’s country of residence. The Participant’s country may require that the Participant report such accounts, assets or transactions to the applicable authorities in the Participant’s country. The Participant also may be required to repatriate cash received from participating in the LTIP to the Participant’s country within a certain period of time after receipt. The Participant is responsible for knowledge of, and compliance with, any such regulations and should speak with the Participant’s personal tax, legal and financial advisors regarding same.

### **Interpretations**

This Schedule of Terms provides a summary of terms applicable to the RSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS). In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, in its sole discretion and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms 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.

### **Governing Law and Venue**

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises under this RSU Award or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Connecticut, agree that such litigation shall be conducted in the courts of Hartford County, Connecticut, or the federal courts for the United States for the District of Connecticut where this grant is made and/or to be performed.

**Additional Information**

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

[StockPlanAdmin@otis.com](mailto:StockPlanAdmin@otis.com)

OR

Otis Worldwide Corporation  
Attn: Stock Plan Administrator  
One Carrier Place  
Farmington, CT 06032

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

**Appendix**  
**Otis Worldwide Corporation**  
**Restricted Stock Unit Award Schedule of Terms**

**Additional Terms and Conditions for Non-U.S. Participants**

This Appendix includes additional terms and conditions that govern the RSUs granted to the Participant under the LTIP if the Participant resides and/or works in one of the countries listed below. It also includes certain securities information of which the Participant should be aware. The information is based on the laws in effect in the respective countries as of **January 2024**.

Capitalized terms used but not defined in this Appendix have the meanings set forth in the LTIP and/or in this Schedule of Terms.

If the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Participant is currently residing and/or working, or if the Participant relocates to another country after the grant of the RSUs, the Corporation shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to the Participant.



## **AUSTRALIA**

**Securities Law Information.** This offer of RSUs is being made under Division 1A, Part 7.12 of the Corporations Act 2001 (Cth). If the Participant acquires shares of Common Stock under the LTIP and subsequently offers the shares of Common Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. The Participant should consult with their legal advisor before making any such offer in Australia.

## **AUSTRIA**

There are no country-specific provisions.

## **BELGIUM**

There are no country-specific provisions.

## **BRAZIL**

**Nature of Award.** This provision supplements the “Nature of Award” section of this Schedule of Terms:

By accepting this RSU Award, the Participant acknowledges and agrees that (i) the Participant is making an investment decision, and (ii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease over the vesting period, without compensation to the Participant.

Further, the Participant acknowledges and agrees that, for all legal purposes, (i) any benefits provided to the Participant under the LTIP are unrelated to the Participant’s employment or service; (ii) the LTIP is not a part of the terms and conditions of the Participant’s employment or service; and (iii) the income from the Participant’s participation in the LTIP, if any, is not part of the Participant’s remuneration from employment or service.

**Compliance with Law.** By accepting this Award, the Participant agrees to comply with all applicable Brazilian laws and pay any and all applicable Tax-Related Items associated with the vesting or settlement of the Award, the sale of shares of Common Stock acquired under the LTIP and the receipt of any dividends paid on such shares of Common Stock.

## **CANADA**

**Form of Settlement.** RSUs granted to individuals residing in Canada shall be paid in shares of Common Stock only. In no event shall any RSUs be paid in cash, notwithstanding any discretion contained in the LTIP and/or in this Schedule of Terms to the contrary.

**Data Privacy.** The following provision supplements the “Data Privacy” section of this Schedule of Terms:

The Participant hereby authorizes the Corporation and the Corporation’s representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the LTIP. The Participant further authorizes the Corporation, the Service Recipient and/or any other Subsidiary or Affiliate to disclose and discuss such information with their advisors. The Participant also authorizes the Corporation, the Service Recipient and/or any other Subsidiary or Affiliate to record such information and to keep such information in the Participant’s employee file. If the Participant is resident in Quebec, the Participant acknowledges and agrees that their personal information, including sensitive personal information, may be transferred or disclosed outside of the province of Quebec, including to the United States.

**Securities Law Information.** The Participant is permitted to sell shares of Common Stock acquired through the LTIP through the designated broker appointed by the Corporation,

provided the resale of such shares takes place outside of Canada and through the facilities of a stock exchange, which should be the case because the Common Stock is currently listed on the New York Stock Exchange.

The following provision applies only if the Participant resides in Quebec:

**French Language Documents.** A French translation of this document and certain other documents related to the RSUs will be made available to the Participant as soon as reasonably practicable upon request. The Participant understands that, from time to time, additional information related to the RSUs may be provided in English and such information may not be immediately available in French. However, upon request, the Corporation or Service Recipient will provide a translation of such information into French as soon as reasonably practicable. Notwithstanding anything to the contrary in the Schedule of Terms, and unless the Participant indicates otherwise, the French translation of this document and the LTIP will govern the Participant's participation in the LTIP.

**Documents En Langue Française.** Une traduction française de ce document et de certains autres documents relatifs aux RSUs sera mise à la disposition du Participant dès que raisonnablement possible suite à sa demande. Le Participant comprend que, de temps à autre, des informations supplémentaires relatives aux RSUs peuvent être fournies en anglais et que ces informations peuvent ne pas être immédiatement disponibles en français. Cependant, sur demande, la Société fournira une traduction de ces informations en français dès que raisonnablement possible. Nonobstant toute disposition contraire dans l'Annexe des Conditions, et sauf indication contraire du Participant, la traduction française de ce document et du LTIP régiront la participation du Participant au LTIP.

### **CHINA**

*The following provisions apply to the Participant if the Participant is subject to exchange control regulations in the People's Republic of China ("China"), including the requirements imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Corporation in its sole discretion:*

#### **Exchange Control Restrictions.**

(i) **SAFE Approval.** Notwithstanding anything to the contrary in the Schedule of Terms or the Award Agreement, the Participant will not be permitted to vest in any shares of Common Stock unless and until the necessary approvals for the LTIP have been obtained from SAFE and remain in place, as determined by the Corporation in its sole discretion. Further, the Corporation is under no obligation to issue shares of Common Stock if the Corporation has not or does not obtain SAFE approval or if any such SAFE approval subsequently becomes invalid or ceases to be in effect by the time the Participant vests in the RSUs.

(ii) **Mandatory Sale Upon Termination of Employment.** Notwithstanding anything to the contrary in this Schedule of Terms or the Award Agreement, where a Participant's employment or service with the Service Recipient is terminated for whatever reason, the Corporation's broker will sell all the shares of Common Stock held by the Participant as a result of vesting of RSUs as soon as administratively practicable (and in all cases within 6 months following the Termination Date). The proceeds from such sale, less any applicable withholdings, will be delivered to the Participant (or the Participant's estate) as soon as administratively practicable.

(iii) **Broker Account.** Any shares of Common Stock issued to the Participant upon vesting of the RSUs must be maintained in an account with UBS or such other broker as may be designated by the Corporation until the shares of Common Stock are sold through that broker.

(iv) **Repatriation.** The Participant understands and agrees that, due to local exchange control requirements, he or she is required to repatriate to the China all proceeds he or she receives from participation in the LTIP, including any cash dividends and the cash proceeds from the sale of the shares of Common Stock acquired upon the vesting of the RSUs. The Participant further

understands that, under Chinese law, such repatriation of his or her cash proceeds will be effected through a special exchange control account established by the Corporation, the Service Recipient or another Subsidiary or Affiliate of the Corporation in China, and the Participant hereby consents and agrees that any proceeds he or she may receive as a result of participation in the LTIP will be transferred to such special account prior to being delivered to him or her. Unless the Corporation in its sole discretion decides otherwise, the proceeds will be paid to the Participant in local currency. The Corporation is under no obligation to secure any particular exchange conversion rate and the Corporation may face delays in converting the proceeds into local currency due to exchange control restrictions in China. The Participant agrees that neither the Corporation nor any Subsidiary or Affiliate can be held liable for any delay in delivering the proceeds to the Participant. The Participant agrees to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the time the sale proceeds are distributed through any such special exchange account.

(v) **Other.** The Participant further agrees to comply with any other requirements that may be imposed by the Corporation in the future in order to facilitate compliance with exchange control requirements in China and to sign any agreements, forms and/or consents that may be reasonably requested by the Corporation (or the Corporation's designated broker) to effect any of the remittances, transfers, conversions or other processes affecting the proceeds.

### **CZECH REPUBLIC**

There are no country-specific provisions.

### **FRANCE**

**Language Consent.** By accepting the Award, the Participant confirms having read and understood the LTIP, this Schedule of Terms, and the Award Agreement, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

*Consentement Relatif à la Langue Utilisée. En acceptant l'Attribution, le Participant confirme avoir lu et compris le Plan (« LTIP »), les présents Termes et Conditions et le Contrat d'Attribution qui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.*

#### **French-Qualified RSUs.**

*The following provisions apply only if the Participant is eligible to be granted French-Qualified RSUs under the French Sub-Plan (defined below). If the Participant is ineligible to be granted French-Qualified RSUs under the French Sub-Plan, the RSUs will not qualify for the special French tax and social security treatment under Sections L. 225-197-1 to L. 225-197-6 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended.*

**Type of Grant.** The RSUs are granted as French-Qualified RSUs and are intended to qualify for the special tax and social security treatment applicable to shares of Common Stock granted for no consideration under Sections L. 225-197-1 to L. 225-197-6 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended. The French-Qualified RSUs are granted subject to the terms and conditions of the French Sub-Plan for Restricted Stock Units (the "French Sub-Plan").

Certain events may affect the status of the RSUs as French-Qualified RSUs or the underlying shares of Common Stock, and the French-Qualified RSUs or the underlying shares of Common Stock may be disqualified in the future. The Corporation does not make any undertaking or representation to maintain the qualified status of the French-Qualified RSUs or of the underlying shares of Common Stock.

Capitalized terms not defined herein, in this Schedule of Terms or in the LTIP shall have the meanings ascribed to them in the French Sub-Plan.

### ***Restrictions on Sale or Transfer of Shares.***

- (a) Minimum Mandatory Holding Period. The Participant may not sell or transfer any shares of Common Stock issued at vesting until the second anniversary of the Grant Date, or such other period as is required to comply with the minimum mandatory holding period applicable to shares underlying French-Qualified RSUs under Section L. 225-197-1 of the French Commercial Code, as amended, or by the French Tax Code or the French Social Security Code, as amended, to benefit from the special tax and social security regime in France.
- (b) Closed Periods. The Participant may not sell any shares of Common Stock issued upon vesting of the French-Qualified RSUs during certain Closed Periods, to the extent applicable to the shares underlying the French-Qualified RSUs granted by the Corporation, as described in the French Sub-Plan. Notwithstanding anything to the contrary contained in the French Sub-Plan, with regard to French-Qualified RSUs, the term “Closed Period” shall mean such period as set forth in Section L. 225-197-1 of the French Commercial Code, as amended:
- (i) thirty (30) calendar days before the announcement of an intermediate financial report or end-of-year report that the issuer is required to make public; and
  - (ii) any period during which the Chief Executive Officer (*directeur général*), any Deputy Chief Executive Officer (*directeur général délégué*), members of the Board of Directors (*council d'administration*), the Supervisory Board (*council de surveillance*), or the Executive Board (*directoire*) of the Corporation, or any employee possesses knowledge of inside information within the meaning of Article 7 of the Regulation (EU) No 596/2014 of the Market Abuse Regulation, which has not been made public.
- (c) Effect of Termination of Service. Except in the case of Participant's Termination of Service due to death or Disability, the restrictions described in provisions (a) and (b) above will continue to apply even if the Participant is no longer an employee or managing corporate officer of the Corporation or a French Entity.

***Holding Periods for Managing Corporate Officers.*** If on the Grant Date the French Participant qualifies as a managing corporate officer under French law (“*mandataires sociaux*”) or any similar official capacity of the Corporation, Service Recipient or a Subsidiary or Affiliate, the French Participant may not sell 20% of the shares of Common Stock acquired upon vesting of the French-Qualified RSUs until the termination of such official capacity, as long as this restriction is applicable to French-Qualified RSUs.

***No Transfer of French-Qualified RSUs.*** French-Qualified RSUs may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner during a French Participant's lifetime and upon death only in accordance with Section 9 of the French Sub-Plan, and only to the extent required by applicable laws (including the provisions of Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended).

***Termination of Service Due to Disability.*** In the event of Participant's Termination of Service due to Disability, as defined in the French Sub-Plan, prior to the first anniversary of the Grant

Date, the RSUs shall remain outstanding and continue to vest in accordance with the French Sub-Plan.

**Termination of Service Due to Death.** In the event of Participant's Termination of Service due to death prior to the satisfaction of the vesting conditions set forth in the vesting schedule, any French-Qualified RSUs that have not vested as of such date may be requested by Participant's legal heirs within six months of the date of death and, if so requested, the shares of Common Stock subject to the French-Qualified RSUs will be issued to Participant's legal heirs.

#### **GERMANY**

There are no country-specific provisions.

#### **HONG KONG**

**Form of Settlement.** RSUs granted to individuals resident in Hong Kong shall be paid in shares of Common Stock only. In no event shall any RSUs be paid in cash, notwithstanding any discretion contained in the LTIP and/or this Schedule of Terms to the contrary.

**Issuance of Shares and Sale of Shares.** This provision supplements the "Vesting" section of this Schedule of Terms:

Any shares of Common Stock issued in settlement of the Award are accepted as a personal investment. In the event shares of Common Stock subject to the Award are issued to the Participant within six months of the Grant Date, the Participant agrees that the Participant will not offer the shares of Common Stock to the public in Hong Kong or otherwise dispose of any such shares prior to the six-month anniversary of the Grant Date.

**Securities Law Information.** *WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant should exercise caution in relation to the offer. If the Participant is in any doubt about any of the contents of this Schedule of Terms, the Award Agreement, the LTIP or any other incidental communication materials, the Participant should obtain independent professional advice. The Award and any shares of Common Stock issued upon settlement do not constitute a public offering of securities under Hong Kong law and are available only to service providers of the Corporation and its Subsidiaries and Affiliates. This Schedule of Terms, the Award Agreement, the LTIP and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. The Awards and any related documents are intended only for the personal use of each eligible service provider of the Service Recipient, the Corporation or any other Subsidiary or Affiliate and may not be distributed to any other person.*

#### **INDIA**

There are no country-specific provisions.

#### **INDONESIA**

**Language Consent.** By accepting the RSU Award, the Participant (i) confirms having read and understood these documents provided in the English language, (ii) accepts the terms of these documents accordingly, and (iii) agrees not to challenge the validity of these documents based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

**Persetujuan dan Pemberitahuan Bahasa.** *Dengan menerima RSU Penghargaan ini, (i) anda mengkonfirmasi bahwa anda telah membaca dan mengerti isi dokumen yang terkait dengan pemberian Penghargaan ini (yaitu Rencana dan Perjanjian Opsi Saham) yang disediakan untuk anda dalam bahasa Inggris, (ii) anda menerima persyaratan di dalam dokumen-dokumen tersebut, dan (iii) anda setuju bahwa anda tidak akan mengajukan*

**keberatan atas keberlakuan dari dokumen ini berdasarkan Undang-Undang No. 24 tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan atau peraturan pelaksana dari Peraturan Presiden (ketika diterbitkan nantinya).**

#### **ITALY**

**LTIP Document Acknowledgment.** By participating in the LTIP, the Participant acknowledges that the Participant has received a copy of the LTIP, this Schedule of Terms, and the Award Agreement and has reviewed the LTIP, this Schedule of Terms, and the Award Agreement in their entirety and fully understands and accepts all provisions of the LTIP, this Schedule of Terms, and the Award Agreement. The Participant further acknowledges that the Participant has read and specifically and expressly approves the sections of this Schedule of Terms addressing (i) Responsibility for Taxes, (ii) Non-assignability, (iii) Nature of Award, (iv) Data Privacy, (v) Compliance With Law, (vi) Imposition of Other Requirements, and (vii) Governing Law and Venue.

#### **JAPAN**

There are no country-specific provisions.

#### **KOREA**

There are no country-specific provisions.

#### **LUXEMBOURG**

There are no country-specific provisions.

#### **MEXICO**

**LTIP Document Acknowledgment.** By accepting the RSUs, the Participant acknowledges that the Participant has received a copy of the LTIP and the Schedule of Terms, which the Participant has reviewed. The Participant acknowledges further that the Participant accepts all the provisions of the LTIP and the Schedule of Terms. The Participant also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in the "Nature of Award" section in the Schedule of Terms, which clearly provides as follows:

- (1) The Participant's participation in the LTIP does not constitute an acquired right;
- (2) The LTIP and the Participant's participation in the LTIP are offered by the Corporation on a wholly discretionary basis;
- (3) The Participant's participation in the LTIP is voluntary; and
- (4) The Corporation and its Subsidiaries and Affiliates are not responsible for any decrease in the value of any shares of Common Stock acquired at vesting and settlement of the RSUs.

**Labor Law Policy and Acknowledgment.** By accepting the RSUs, the Participant expressly recognizes that the Corporation, with registered offices at One Carrier Place, Farmington, CT 06032, U.S.A, is solely responsible for the administration of the LTIP, and that the Participant's participation in the LTIP and acquisition of shares of Common Stock do not constitute an employment relationship between the Participant and the Corporation since the Participant is participating in the LTIP on a wholly commercial basis and the employer in Mexico ("Otis Mexico") is the Participant's sole employer. Based on the foregoing, the Participant expressly recognizes that the LTIP and the benefits that the Participant may derive from participating in the LTIP do not establish any rights between the Participant and the employer, Otis Mexico, and do not form part of the employment conditions and/or benefits provided by Otis Mexico, and any modification of the LTIP or its termination shall not constitute a change or impairment of the terms and conditions of the Participant's employment.

The Participant further understands that his or her participation in the LTIP is as a result of a unilateral and discretionary decision of the Corporation; therefore, the Corporation reserves the absolute right to amend and/or discontinue the Participant's participation at any time without any liability to the Participant.

Finally, the Participant hereby declares that the Participant does not reserve to him- or herself any action or right to bring any claim against the Corporation for any compensation or damages regarding any provision of the LTIP or the benefits derived under the LTIP, and the Participant therefore grants a full and broad release to the Corporation, the Service Recipient, Subsidiaries, Affiliates, divisions, branches, representative offices, shareholders, directors, officers, employees, agents, or legal representatives with respect to any claim that may arise.

#### **Spanish Translation**

**Reconocimiento del Documento del Plan.** *Al aceptar las Unidades, el Participante reconoce que ha recibido una copia del Plan y del Acuerdo de Acciones Restringidas, que el Participante ha revisado. El Participante reconoce, además, que acepta todas las disposiciones del Plan y del Acuerdo de Acciones Restringidas. El Participante también reconoce que ha leído y que concretamente aprueba de forma expresa los términos y condiciones establecidos en la Sección "Naturaleza de la Subvención" del Acuerdo de Acciones Restringidas, que claramente dispone lo siguiente:*

- (1) La participación del Participante en el Plan no constituye un derecho adquirido;*
- (2) El Plan y la participación del Participante en el Plan se ofrecen por la Sociedad en su entera discrecionalidad;*
- (3) La participación del Participante en el Plan es voluntaria; y*
- (4) La Sociedad y sus Subsidiarias y Afiliadas no son responsables de ninguna reducción en el valor de las Acciones Comunes adquiridas al conferir las Unidades de Acciones Restringidas.*

**Política Laboral y Reconocimiento.** *Al aceptar las Unidades de Acciones Restringidas, el Participante expresamente reconoce que la Sociedad, con sus oficinas registradas y ubicadas en One Carrier Place, Farmington, CT 06032, U.S.A., es la única responsable por la administración del Plan y que la participación del Participante en el Plan y la adquisición de Acciones Comunes no constituyen una relación de trabajo entre el Participante y la Sociedad, ya que el Participante participa en el Plan en un marco totalmente comercial y el patrón en México ("Otis Mexico") es su único patrón. Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que pudieran derivar de la participación en el Plan no establecen derecho alguno entre el Participante y el patrón, Otis Mexico, y no forma parte de las condiciones de trabajo y/o las prestaciones otorgadas por Otis Mexico, y que cualquier modificación al Plan o su terminación no constituye un cambio o impedimento de los términos y condiciones de la relación de trabajo del Participante.*

*Asimismo, el Participante reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Sociedad; por lo tanto, la Sociedad se reserva el derecho absoluto de modificar y/o terminar la participación del Participante en cualquier momento y sin responsabilidad alguna al Participante.*

*Finalmente, el Participante por este medio declara que no se reserva ninguna derecho o acción en contra de la Sociedad por cualquier compensación o daños y perjuicios en relación de las disposiciones del Plan o de los beneficios derivados del Plan, y por lo tanto, el Participante otorga una liberación completa y amplia a la Sociedad, Afiliadas, Subsidiarias, sucursales, oficinas de representación, accionistas, directores, autoridades, empleados, agentes, o representantes legales en relación a cualquier demanda o controversia que pudiera surgir.*

**Securities Law Information.** The RSUs granted, and any shares of Common Stock acquired, under the LTIP have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the LTIP, the Schedule of Terms and any other document relating to the RSUs granted under the LTIP may not be publicly distributed in Mexico. These materials are addressed to the Participant because of the Participant's existing relationship with the Corporation and any Subsidiary or Affiliate, and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of Otis Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

#### **NETHERLANDS**

There are no country-specific provisions.

#### **POLAND**

There are no country-specific provisions.

#### **PORTUGAL**

**Language Consent.** The Participant hereby expressly declares that the Participant has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the LTIP and this Schedule of Terms.

**Conhecimento da Língua.** *Pela presente, o Participante declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo (Schedule of Terms em inglês).*

#### **SAUDI ARABIA**

**Securities Law Information.** This document may not be distributed in the Kingdom except to such persons as are permitted under the Rules of the Offers of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If the Participant does not understand the contents of this document, the Participant should consult an authorized financial adviser.

#### **SINGAPORE**

**Restriction on Sale of Shares.** To the extent the Award vests within six months of the Grant Date, the Participant may not dispose of the shares of Common Stock issued upon settlement of the RSUs, or otherwise offer the shares of Common Stock to the public, prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA") or pursuant to, and in accordance with the conditions of any other applicable provision of the SFA.

**Securities Law Information.** The Award is being made to the Participant in reliance on the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.), is exempt from the prospectus and registration requirements under the SFA and is not made to the Participant with a view to the Award or underlying shares of Common Stock



being subsequently offered for sale to any other party. The LTIP has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

### **SPAIN**

**Nature of Award.** This provision supplements the “Nature of Award” section of this Schedule of Terms:

By accepting the Award, the Participant consents to participation in the LTIP and acknowledges that the Participant has received a copy of the LTIP.

The Participant understands that the Corporation has unilaterally, gratuitously and in its sole discretion decided to grant an Award under the LTIP to individuals who may be contractors, directors, or employees of the Service Recipient, the Corporation, or one of its other Subsidiaries or Affiliates throughout the world. The decision is limited and entered into based upon the express assumption and condition that any Award will not economically or otherwise bind the Corporation or any Subsidiary or Affiliate, including the Service Recipient, on an ongoing basis, other than as expressly set forth in this Schedule of Terms or the Award Agreement. Consequently, the Participant understands that the Award is given on the assumption and condition that the Award shall not become part of any employment or other service contract (whether with the Corporation or any Subsidiary or Affiliate, including the Service Recipient) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the Award, which is gratuitous and discretionary, since the future value of the Award, and the underlying shares of Common Stock, is unknown and unpredictable.

Further, the Participant’s participation in the LTIP is expressly conditioned on the Participant’s continued and active rendering of service, such that, unless otherwise set forth in the LTIP, if the Participant’s employment or service terminates for any reason, the Participant’s participation in the LTIP will cease immediately. This will be the case, for example, even if (1) the Participant is considered to be unfairly dismissed without good cause (*i.e.*, subject to a “*despido improcedente*”); (2) the Participant is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Participant’s employment or service ceases due to a change of work location, duties or any other employment or contractual condition; (4) the Participant’s employment or service ceases due to a unilateral breach of contract by the Corporation or any of its Subsidiaries and Affiliates; or (5) the Participant’s employment or service terminates for any other reason whatsoever. Consequently, upon Termination of Service for any of the above reasons, the Participant automatically lose any right to participate in the LTIP on the date of the Participant’s Termination of Service, as described in the LTIP, this Schedule of Terms, and the Award Agreement.

Furthermore, the Participant hereby agrees that by accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or the Service Recipient to the Participant (including but not limited to, withholding from the Participant’s regular compensation); (ii) requiring the Participant (or the Participant’s estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant’s behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon settlement of the RSUs; (v) withholding from dividend equivalents paid on the RSUs; or (vi) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

**Securities Law Information.** The Award and shares of Common Stock described in this Schedule of Terms do not qualify under Spanish regulations as securities. No “offer of securities to the public”, as defined under Spanish law, has taken place or will take place in the Spanish territory. The LTIP, this Schedule of Terms, and the Award Agreement have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores*, and do not constitute a public offering prospectus.

#### **SWEDEN**

**Authorization to Withhold.** This provision supplements the “Responsibility for Taxes” section of this Schedule of Terms:

Without limiting the Corporation’s and the Service Recipient’s authority to satisfy their withholding obligations for Tax-Related Items as set forth in this Schedule of Terms, by accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient to withhold shares of Common Stock or to sell shares of Common Stock otherwise deliverable to the Participant upon vesting/settlement to satisfy Tax-Related Items, regardless of whether the Corporation and/or the Service Recipient have an obligation to withhold such Tax-Related Items.

#### **SWITZERLAND**

**Securities Law Information.** Because the offer of the Award is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Award (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Corporation or Service Recipient or (iii) have been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

#### **TAIWAN**

**Securities Law Information.** The offer of participation in the LTIP is available only for employees of the Corporation or Service Recipient. The offer of participation in the LTIP is not a public offer of securities by a Taiwanese company.

#### **THAILAND**

There are no country-specific provisions.

#### **TURKEY**

**Securities Law Information.** Shares of Common Stock acquired under the LTIP cannot be sold in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol “OTIS” and the shares may be sold through this exchange.

**Financial Intermediary Obligation.** Turkish residents are permitted to purchase and sell securities or derivatives traded on exchanges abroad only through a financial intermediary licensed in Turkey. Therefore, in order to sell shares of Common Stock acquired under the LTIP, individuals may be required to appoint a Turkish broker to assist with the sale.

#### **UNITED ARAB EMIRATES**

**Securities Law Information.** Participation in the LTIP is being offered only to eligible service providers of the Corporation and any Subsidiary or Affiliate and is in the nature of providing equity incentives to employees in the United Arab Emirates. The LTIP, this Schedule of Terms, and the Award Agreement are intended for distribution only to such service providers and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities

offered should conduct their own due diligence on the securities. If the Participant does not understand the contents of the LTIP, this Schedule of Terms, or the Award Agreement, the Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the LTIP. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the LTIP, this Schedule of Terms, or the Award Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

#### **UNITED KINGDOM**

**Responsibility for Taxes.** This provision supplements the “Responsibility for Taxes” section of this Schedule of Terms:

Without limitation to this section of this Schedule of Terms, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Corporation or the Service Recipient or by HM Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Corporation and the Service Recipient against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is a director or an executive officer of the Corporation (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), the Participant acknowledges that the Participant may not be able to indemnify the Corporation or the Service Recipient for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Item(s) occurs may constitute an additional benefit to the Participant on which additional income tax and National Insurance Contributions may be payable. The Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Corporation or the Service Recipient (as appropriate) for the value of any National Insurance Contributions due on this additional benefit, which the Corporation or the Service Recipient collect by any of the means referred to in the LTIP or this Schedule of Terms.

**Section 431 Election.** The Participant agrees that the Participant is required to enter into a joint election with the Service Recipient pursuant to section 431 of Income Tax (Earnings and Pensions) Act 2003 (or such other election as the Corporation may direct for the same purpose) electing that the fair market value of the shares of Common Stock to be acquired upon the vesting of the RSUs be calculated as if they were not “restricted securities.” The issuance of shares of Common Stock pursuant to the RSU Award is conditioned upon the Participant's entering into the form of section 431 election attached immediately below.

#### **VIETNAM**

There are no country-specific provisions.

**NOTICE TO UK PARTICIPANTS  
REGARDING THE TAX IMPACT OF ACCEPTING THE 431 ELECTION**

Because there is a risk that HM Revenue & Customs (“HMRC”) may consider the shares you acquire at settlement of your Restricted Stock Units (“RSUs”), Performance Share Units (“PSUs”) and/or exercise of your Stock Appreciation Rights (“SARs”) to be “restricted” securities, you are required to enter into a joint election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 (“431 Election”). This will ensure that you will be subject to tax on the full unrestricted market value of shares at settlement or exercise thereby avoiding any subsequent taxable event (other than upon sale of shares acquired at settlement or exercise, as applicable).

**Clicking on the “ACCEPT” box indicates your acceptance of Part A of the two part “Joint Election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 for disapplication of Chapter 2 of the Income Tax (Earnings and Pensions) Act 2003”. Your employer will sign and maintain Part B on file. You should read this Notice in its entirety before accepting the 431 Election.**

**Tax Impact of Accepting the 431 Election**

By entering into the Election:

- you agree that you will be subject to income tax and National Insurance contributions on the full unrestricted market value of shares at settlement of your RSUs, PSUs and/or exercise of your SARs notwithstanding Otis Worldwide Corporation (“Corporation”)’s discretion to require you to give back shares or cash paid in connection with your awards in the event you engage in activity harmful to the Corporation as described in the “Forfeiture of Award and Repayment of Realized Gains” section of the Schedule of Terms; and
- you acknowledge that even if you have clicked on the “ACCEPT” box where indicated, the Corporation or your employer may still require you to sign a paper copy of this 431 Election (or a substantially similar form) if the Corporation determines necessary to give effect to the 431 Election.

Please read the 431 Election carefully before accepting the 431 Election.

Please print and keep a copy of the 431 Election for your records.

## Otis Worldwide Corporation

### Joint Election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 for full disapplication of Chapter 2 of the Income Tax (Earnings and Pensions) Act 2003

#### Two Part Election

##### Part A - To be completed by the Employee

###### 1. Between

The Employee who has obtained authorized access to the joint election

and

The Company (who is the Employee's employer) identified in the attached Schedule

of the Company Registration Number provided in the attached Schedule

###### 2. Purpose of Election

This joint election is made pursuant to section 431(1) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

**Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.**

###### 3. Application

This joint election is made not later than 14 days after the date of acquisition of the securities by the Employee and applies to:

Number of securities	All securities
Description of securities	Shares of common stock of Otis Worldwide Corporation
Name of issuer of securities	Otis Worldwide Corporation, a Delaware corporation

acquired by the Employee on or after the date of this joint election under the terms of the Otis Worldwide Corporation 2020 Long-Term Incentive Plan.

4. Extent of Application

This election under section 431(1) ITEPA disapplies all restrictions attaching to the securities.

5. Declaration

This election will become irrevocable upon the later of the date it is signed or accepted electronically or the acquisition and each subsequent acquisition of employment-related securities to which this election applies.

In signing or electronically accepting this joint election, I agree to be bound by its terms as stated above.

.....      ..../..../.....  
Signature (Employee)      Date

*Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the Employee and the Service Recipient in respect of that and any later acquisition.*

**SCHEDULE TO FORM OF ELECTION – EMPLOYING COMPANY**

The employing companies to which this joint election relates are:

**Employing Company**

Otis Ltd.

**Company Registration Number**

147366

**Otis Worldwide Corporation  
2020 Long-Term Incentive Plan**

# **Stock Appreciation Right Award**

## ***Schedule of Terms***

***(February 6, 2024)***

This Schedule of Terms describes the material features of the Participant's Stock Appreciation Right Award (the "SAR Award" or the "Award") granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, as Amended and Restated as of January 1, 2024 (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Corporation's internal employee website and at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

You should read this document carefully. There are circumstances under which your Award could be forfeited and you could be obligated to repay gains realized from the Award to the Corporation (e.g., see the "Forfeiture of Award and Repayment of Realized Gains").

If you are a Non-U.S. Participant, please refer to the Appendix for additional terms and conditions that may apply to you.



## Certain Definitions

A Stock Appreciation Right (a "SAR") represents the right to receive the appreciation in one share of common stock of Otis Worldwide Corporation (the "Common Stock") measured from the Grant Date to the date of exercise. The appreciation, upon exercise, is generally paid to the Participant in the form of shares of Common Stock. SARs generally vest if the Participant remains employed or otherwise engaged by the Corporation or the Service Recipient through the applicable vesting date schedule set forth on the Award Agreement (see "Vesting and Expiration" below), or upon an earlier Termination of Service under limited circumstances that may result in accelerated vesting (see "Termination of Service" below). "Company" means Otis Worldwide Corporation (the "Corporation"), together with its subsidiaries, divisions and affiliates. "Service Recipient" means an entity other than the Corporation in the Company group that employs or otherwise engages the Participant. "Termination Date" means the date the Participant's employment ends, or, if different, the date the Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, and as described in more detail in the section entitled "Nature of Award," absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to "Termination of Service" as defined in the LTIP. "Committee" means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

## Country-Specific Appendix

Notwithstanding any provisions in this Schedule of Terms, the SAR grant shall be subject to any special or additional terms and conditions set forth in any Appendix to this Schedule of Terms for the Participant's work country, unless determined otherwise by the Committee. Moreover, if the Participant relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to the Participant, to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Schedule of Terms.

## Acknowledgement and Acceptance of the Otis SAR Award

The number of SARs awarded and the SAR Grant Price are set forth in the Award Agreement. The recipient of the SAR Award (the "Participant") must affirmatively acknowledge and accept the terms and conditions of the SAR Award, which are contained in this Schedule of Terms, within 150 days following the Grant Date. A failure to acknowledge and accept the SAR Award within 150 days from the Grant Date will result in the forfeiture of the SAR Award.

Participants must acknowledge and accept the terms and conditions of this SAR Award electronically via the Union Bank of Switzerland ("UBS") *One Source* website at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS). Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this SAR Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator.

If you are employed in the State of Illinois, you (1) are advised under the Illinois Freedom to Work Act to consult with an attorney prior to agreeing to the covenants described in the section entitled "Forfeiture of Award and Repayment of Realized Gains" of this SAR Award, and

(2) have been provided at least 14 calendar days to review these covenants prior to the acceptance deadline.

### **Exercise Price (or “Grant Price”)**

The Grant Price represents the Fair Market Value of the Corporation’s Common Stock on the Grant Date. “Fair Market Value” means, as of any given date, the closing price of the Common Stock on the New York Stock Exchange (“NYSE”).

### **Vesting and Expiration**

SARs will vest and expire (if unexercised) in accordance with the schedule set forth in the Award Agreement, subject to the Participant’s continued employment or service with the Corporation or Service Recipient through each applicable vesting date. Any unvested SARs will be forfeited in the event of Termination of Service prior to the applicable vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination, Disability, Change-in-Control Termination, or Death (see “Termination of Service” below).

Vested SARs may be exercised on or after the applicable vesting date until the earlier of the:

- (i) Expiration date specified in the Award Agreement, at which time the SARs and all associated rights lapse; or
- (ii) Last day permitted on or following Termination of Service as specified in “Termination of Service” below.

SARs may also be forfeited and value realized from exercised SARs may be recouped by the Corporation under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

### **No Shareowner Rights**

A SAR is the right to receive the appreciation in a share of Common Stock, subject to continued employment or service and certain other conditions. The holder of a SAR has no voting, dividend, or other rights accorded to owners of Common Stock, unless and until SARs are exercised and settled in Common Stock.

### **Exercise and Payment**

While the Participant is employed by or providing services to the Corporation or the Service Recipient, the Participant may exercise any vested SARs on or after the applicable vesting date until the expiration date. The value the Participant will realize upon the exercise of a SAR is the positive difference between the price of the Common Stock at the time of exercise and the Grant Price. Upon Termination of Service other than for Cause, the Participant’s vested SARs may be exercised under the specific terms for such termination described in the “Termination of Service” section. The Participant will generally receive shares of Common Stock as soon as administratively practicable following exercise of SARs. Exercised SARs may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock. The amount paid in cash will be equal to the difference between the price of the Common Stock at the time of exercise and the Grant Price.

It is the responsibility of the Participant to track the expiration of the Award and exercise SARs in a timely manner. The Corporation assumes no responsibility for, and will make no adjustments with respect to, any SARs that expire unexercised. Any communication from the Plan Administrator or the Corporation to the Participant with respect to expiration is provided as a courtesy only. Note, SARs must be exercised when the NYSE is open. If your expiration date falls on a weekend or other day the NYSE is not open, don't wait until your expiration date to exercise SARs.

Termination of Service

The treatment of SARs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. SARs held for less than one (1) year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date, unless required by applicable law.

**Retirement.** If the Participant's termination results from Retirement, unvested SARs held for at least one (1) year as of the Termination Date will fully vest and become exercisable. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- "Normal Retirement" means retirement on or after age 65;
- "Early Retirement" means retirement on or after age 55 with at least 10 years of continuous service as of the Termination Date.

Upon Retirement, vested SARs may be exercised as detailed in the chart below:

Retirement Type	Service Recipient Consents to Early Retirement *	Exercise Period
Normal Retirement (age 65)	N/A	SARs may be exercised until the expiration of their term
Early Retirement on or after age 55 + 10 years of continuous service as of the Termination Date	Yes	SARs may be exercised until the expiration of their term
	No	SARs may be exercised for three (3) years following the Termination Date or until the expiration of the SAR, whichever is earlier
* The Service Recipient's consent to the Participant's Retirement will be at the sole discretion of the Service Recipient based on its ability to effectively transition the Participant's responsibilities as of the Termination Date and such other factors as it may deem appropriate.		

The Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Corporation or the Service Recipient for Cause even if the Participant qualifies for Retirement.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

**Involuntary Termination for Cause.** If the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for Cause (as defined in the LTIP), both vested and unvested SARs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously exercised SARs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

**Involuntary Termination other than for Cause, Death or Disability.** If the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than Cause, death or Disability, and does not constitute a Change-in Control Termination, unvested SARs held for at least one (1) year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Corporation, if requested, a release of claims in a form and manner satisfactory to the Corporation. The pro-rata vesting of a SAR Award held for at least one (1) year will be based on the number of days during the full vesting period (e.g., three-year period if the SAR Award vests ratably over three years) that the Participant was employed with (or performed service for) the Corporation or Service Recipient, divided by the total number of days in the full vesting period, rounded up to the nearest share, and then reduced by any portion of the SAR Award that previously vested. SARs not eligible to vest under this pro-rata vesting formula will be forfeited as of the Termination Date.

Example pro-rata vesting percentage calculation:

- # SARs granted: 900
- Vesting schedule: 3-year ratable vesting (i.e., 300 on year 1, 300 on year 2, and 300 on year 3)
- % time participated in full vesting period: 50%

# of pro-rata SARs = (# SARs granted) \* (% time participated in full vesting period) – (already vested SARs)

150 = (900 \* 50%) – 300

Upon involuntary termination for reasons other than Cause, vested SARs may be exercised for one (1) year following the Termination Date or until the expiration of the SAR, whichever is earlier in accordance with the "Exercise and Payment" section. Unexercised vested SARs will expire without value at the close of the NYSE on the first anniversary of the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to such date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage, unless required by applicable law.

Retirement eligible Participants will be eligible to vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below.

**Voluntary Termination.** If the Participant voluntarily terminates employment or service (other than for Retirement or a Change-in-Control Termination), the Participant is not entitled to vesting and will forfeit all unvested SARs as of the Termination Date. If the Corporation or Service Recipient terminates the Participant's employment or service after receiving notice from the Participant that the Participant is voluntarily terminating employment or service, such termination shall be considered a voluntary termination by the Participant. Vested SARs may be exercised for up to ninety (90) days from the Termination Date or until the expiration of the SAR (if earlier). Unexercised SARs will expire without value at the close of the NYSE on the ninetieth (90<sup>th</sup>) day following the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to the 90<sup>th</sup> day.

**Death or Disability.** If the Participant dies while still employed by or providing services to the Corporation or the Service Recipient, or if the Participant incurs a Disability, all unvested SARs will vest as of the date of death or Disability, as applicable, and become exercisable. The Participant, Participant's estate or designated beneficiary, as applicable, will have three (3) years from the date of death or the Disability, as applicable (or until the expiration of the SAR, if earlier) to exercise all outstanding SARs, provided however, that if a SAR expires prior to the expiration of the three-year extension period, the SAR will be deemed to be exercised by the Participant, Participant's estate or designated beneficiary (if such a designation has been provided to the Corporation, and to the extent the Corporation determines such designation to be valid), as may be determined in the Corporation's sole discretion, as of the SAR expiration date (where applicable) held for distribution to the Participant, Participant's estate or beneficiary, as applicable. To be considered a Disability under this Award, the "disability" event must meet the definition under Section 409A(a)(2)(C) of the Code.

Different tax rules may apply when the estate, beneficiary, or heir exercises the deceased Participant's SARs. A personal tax or financial advisor should be consulted under this scenario.

**Change-in-Control Termination.** If the SARs are replaced with a Replacement Award in connection with a Change-in-Control in accordance with Section 10(c) of the LTIP, and the Participant's termination results from an involuntary termination by the Corporation or the Service Recipient for reasons other than for Cause, death or Disability, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested SARs will vest and become exercisable as of the Termination Date and all vested SARs will be exercisable until the third anniversary of the Termination Date (or until the expiration of the SAR, if earlier).

#### **Forfeiture of Award and Repayment of Realized Gains**

SARs, whether or not vested, including Common Stock and cash delivered upon exercise, are subject to the Corporation's Compensation Recovery Policy (the "Compensation Recovery Policy"), as in effect from time to time, available on [www.otisinvestors.com](http://www.otisinvestors.com).

The Participant agrees that the restrictions set forth in the Compensation Recovery Policy are reasonable and that the value of the LTIP awards is reasonable consideration for accepting

such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants.

In addition, the Participant acknowledges that if employed in the State of Illinois, he or she has been advised to consult with an attorney before agreeing to these provisions and was provided with at least 14 calendar days to review these covenants. Further, the provisions in the Compensation Recovery Policy pertaining to non-competition shall not be enforced with respect to a Participant during such time the Participant primarily resides or works in California and shall be modified to the extent necessary to allow the Participant to comply with the rules of professional conduct applicable to the Participant (e.g., American Bar Association Model Rule of Professional Conduct 5.6 (Restrictions on Right to Practice)).

Following a Change-in-Control, no incentive compensation clawback, recoupment or repayment policies or provisions adopted by the Corporation, including the Compensation Recovery Policy, shall apply to Awards granted under the LTIP (or any successor plan) to the Participant; provided, however, that if the Participant is subject to the Corporation's Erroneously Awarded Compensation Recovery Policy because the Participant is or was an executive officer (as defined in that policy), that policy shall continue to apply to the Participant solely to the extent the application of such policy is necessary to comply with applicable law or applicable securities exchange listing standards.

### **Adjustments**

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, SAR Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

### **Change-in-Control**

In the event of a Change-in-Control or restructuring of the Corporation, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. In the event of a Change-in-Control where the SARs are not replaced by a Replacement Award, the SARs will fully vest and become exercisable in accordance with Section 10(b) of the LTIP.

Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

## **Awards Not to Affect Certain Transactions**

SAR Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

## **Responsibility for Taxes**

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Service Recipient, the Participant is responsible for all income taxes, social insurance contributions, payroll taxes, fringe benefits tax, payment on account or other tax-related items attributable to the Participant's participation in the LTIP and legally applicable or deemed applicable to the Participant ("Tax-Related Items"). The Participant further acknowledges that the Corporation and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award or the underlying shares of Common Stock, including, but not limited to, the grant, vesting, or exercise of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The price of the Common Stock at the time of exercise will be used to calculate taxable income realized from the SARs and the amount of shares of Common Stock that may be withheld to satisfy the Tax-Related Items, except where otherwise required by applicable law, as determined in the Corporation's sole discretion.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Service Recipient to satisfy all Tax-Related Items. By accepting the Award, the Participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or the Service Recipient to the Participant (including but not limited to, withholding from the Participant's regular compensation); (ii) requiring the Participant (or the Participant's estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon exercise of the SARs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon exercise of the SARs; or (v) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

The Corporation and/or the Service Recipient may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in the Participant's jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Common Stock) or if not refunded, the Participant may seek a refund from the local tax

authorities. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Service Recipient. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the Participant will be deemed to have been issued the full number of shares of Common Stock subject to the exercised SARs, notwithstanding that a number of the shares of Common Stock is held back solely for purposes of paying the Tax-Related Items.

The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation and/or the Service Recipient, if any. Further, if the Participant has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Participant acknowledges that the Corporation and/or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax.

The Corporation may refuse to distribute an Award if the Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Notwithstanding the foregoing, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended at the time that a taxable event occurs, then the withholding obligations with respect to such taxable event will be satisfied by withholding shares of Common Stock subject to the SAR Award equal to the tax withholding amount.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS).

### **Non-assignability**

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of the Participant in any SAR Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by (i) will or the applicable laws of descent and distribution or (ii) certain intra-family transfers or transfers pursuant to qualified domestic relations orders subject to procedures and requirements established by the Committee and compliance with U.S. Securities and Exchange Commission ("SEC") rules. Any other attempt to assign such rights or interest shall be void and without force or effect.

### **Nature of Award**

By accepting the grant, the Participant acknowledges, understands and agrees that:

- (i) the LTIP is established voluntarily by the Corporation, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the LTIP;
- (ii) the grant of the SARs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of SARs, or benefits in lieu of SARs, even if SARs have been granted in the past;



- (iii) all decisions with respect to future SARs or other grants, if any, will be at the sole discretion of the Corporation;
- (iv) the grant of the SAR Award and the Participant's participation in the LTIP shall not create a right to employment or other service relationship with the Corporation;
- (v) the grant of the SAR Award and the Participant's participation in the LTIP shall not be interpreted as forming or amending an employment or service contract with the Corporation or the Service Recipient;
- (vi) the Participant is voluntarily participating in the LTIP;
- (vii) the SARs and the shares of Common Stock subject to the SARs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (viii) the SARs and the shares of Common Stock subject to the SARs, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- (ix) unless otherwise agreed with the Corporation in writing, the SARs and the shares of Common Stock subject to the SARs, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary or Affiliate of the Corporation;
- (x) the future value, if any, of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
- (xi) no claim or entitlement to compensation or damages shall arise from forfeiture of the SARs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or renders service or the terms of the Participant's employment or service agreement, if any);
- (xii) for purposes of the SAR and subject to Section 409A, the Participant's employment or service relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Corporation, the Service Recipient or any other Subsidiary or Affiliate of the Corporation (regardless of the reason for such Termination of Service and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or renders service or the terms of the Participant's employment or service agreement, if any), and such date will not be extended by any notice period unless required by applicable law (e.g., the Participant's period of employment or service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or renders services or the terms of the Participant's employment or service agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Participant's SAR Award (including whether the Participant may still be considered to be providing services while on a leave of absence); and

(xiii) neither the Corporation, the Service Recipient nor any other Subsidiary or Affiliate of the Corporation shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the SARs or of any amounts due to the Participant pursuant to the exercise of the SARs or the subsequent sale of any shares of Common Stock acquired upon exercise.

### **Right of Discharge Reserved**

Nothing in the LTIP or in any SAR Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Corporation or the Service Recipient may have to terminate the employment or service agreement, if any, of any Participant at any time for any reason.

### **Administration**

The Board has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer, the Chief People Officer and the Senior Vice President Total Rewards the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Corporation who are covered under Section 16 of the Exchange Act, as amended, and to members of the Corporation's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

### **Data Privacy**

This notice supplements and should be read in conjunction with the Otis Employee Privacy Notice, available at [www.otis.com/en/us/privacy-policy](http://www.otis.com/en/us/privacy-policy). The Participant understands that the Corporation and the Service Recipient may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all SARs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor. This information is used for the exclusive purpose of implementing, administering and managing the LTIP, which is necessary for the Corporation to fulfill its contractual obligations to Participants (and any associated legal requirements), as well as for the Corporation's own legitimate interests.

To the extent that local law requires consent for the Corporation to lawfully hold this information, the Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal information as described in this Schedule of Terms and any other SAR grant materials ("Data") by and among, as applicable, the Service Recipient, the Corporation and its Subsidiaries and Affiliates.

The Participant understands that Data will be transferred to UBS, or such other stock plan service provider as may be selected by the Corporation in the future, which is assisting the Corporation with the implementation, administration and management of the LTIP. The Participant understands that the recipients of the Data may be located in the United States or

elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Any such transfers are consistent with applicable legal requirements, as further described in the Otis Employee Privacy Notice.

The Participant understands that, under applicable law, the Participant may have certain rights in relation to the Data, including the right to access, correct, erase, and restrict the use of such information, as well as to object in certain cases. Insofar as applicable law requires the Corporation to rely on the Participant's consent to hold this information, the Participant may also have the right to withhold or withdraw such consent, but the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the LTIP. The Participant may exercise these rights, where applicable, by contacting the Corporation at [privacy@otis.com](mailto:privacy@otis.com). The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the LTIP.

### **Corporation Compliance Policies**

Participants must comply with the Corporation's Absolutes and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Corporation's Absolutes and Corporate Policy Manual are available online on the Corporation's internal home page.

### **Compliance With Law**

Notwithstanding any other provision of the LTIP or this Schedule of Terms, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Corporation shall not be required to deliver any shares issuable upon exercise of the SAR prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Corporation shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Corporation is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Participant agrees that the Corporation shall have unilateral authority to amend the Schedule of Terms without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

### **Language**

The Participant acknowledges and represents that the Participant is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in the English language, so as to enable the Participant to understand the provisions of this Schedule of Terms and the LTIP. If the Participant has received this Schedule of Terms or any other document related to the LTIP translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

### **Electronic Delivery and Participation**

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the LTIP by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the LTIP through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

### **Severability**

The provisions of this Schedule of Terms are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

### **Imposition of Other Requirements**

The Corporation reserves the right to impose other requirements on the Participant's participation in the LTIP, on the SAR and on any shares of Common Stock acquired under the LTIP, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional Schedule of Terms or undertakings that may be necessary to accomplish the foregoing.

### **Waiver**

The Participant acknowledges that a waiver by the Corporation of breach of any provision of this Schedule of Terms or the Award Agreement shall not operate or be construed as a waiver of any other provision of this Schedule of Terms or the Award Agreement, or of any subsequent breach by the Participant or any other Participant.

### **Insider Trading/Market Abuse**

The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Corporation shares, rights to shares (e.g., SARs) or rights linked to the value of shares (e.g., phantom awards, futures) during such times the Participant is considered to have "inside information" regarding the Corporation as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant should keep in mind third parties includes fellow employees and service providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Corporation. The Participant is responsible for complying with any restrictions and should speak to my personal advisor on this matter.

### **Exchange Control, Foreign Asset/Account and/or Tax Reporting**

Depending upon the country to which laws the Participant is subject, the Participant may have certain foreign asset/account and/or tax reporting requirements that may affect the Participant's ability to acquire or hold shares of Common Stock under the LTIP or cash received from

participating in the LTIP (including from any dividends or dividend equivalents or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside the Participant's country of residence. The Participant's country may require that the Participant report such accounts, assets or transactions to the applicable authorities in the Participant's country. The Participant also may be required to repatriate cash received from participating in the LTIP to the Participant's country within a certain period of time after receipt. The Participant is responsible for knowledge of, and compliance with, any such regulations and should speak with the Participant's personal tax, legal and financial advisors regarding same.

### **Interpretations**

This Schedule of Terms provides a summary of terms applicable to the SAR Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at [www.ubs.com/onesource/OTIS](http://www.ubs.com/onesource/OTIS). In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, in its sole discretion, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms 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.

### **Governing Law and Venue**

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises under this SAR Award or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Connecticut, agree that such litigation shall be conducted in the courts of Hartford County, Connecticut, or the federal courts for the United States for the District of Connecticut, where this grant is made and/or to be performed.

### **Additional Information**

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

[StockPlanAdmin@otis.com](mailto:StockPlanAdmin@otis.com)

OR

Otis Worldwide Corporation  
Attn: Stock Plan Administrator  
One Carrier Place  
Farmington, CT 06032

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

**Appendix**  
**Otis Worldwide Corporation**  
**Stock Appreciation Right Award Schedule of Terms**

**Additional Terms and Conditions for Non-U.S. Participants**

This Appendix includes additional terms and conditions that govern the SARs granted to the Participant under the LTIP if the Participant resides and/or works in one of the countries listed below. It also includes certain securities information of which the Participant should be aware. The information is based on the laws in effect in the respective countries as of **January 2024**.

Capitalized terms used but not defined in this Appendix have the meanings set forth in the LTIP and/or in this Schedule of Terms.

If the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Participant is currently residing and/or working, or if the Participant relocates to another country after the grant of the SARs, the Corporation shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to the Participant.

## **AUSTRALIA**

**Securities Law Information.** This offer is being made under Division 1A, Part 7.12 of the Corporations Act 2001 (Cth). If the Participant acquires shares of Common Stock under the LTIP and subsequently offers the shares of Common Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. The Participant should consult with their legal advisor before making any such offer in Australia.

## **AUSTRIA**

There are no country-specific provisions.

## **BRAZIL**

**Nature of Award.** This provision supplements the “Nature of Award” section of this Schedule of Terms:

By accepting this SAR Award, the Participant acknowledges and agrees that (i) the Participant is making an investment decision, and (ii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease over the vesting period, without compensation to the Participant.

Further, the Participant acknowledges and agrees that, for all legal purposes, (i) any benefits provided to the Participant under the LTIP are unrelated to the Participant’s employment or service; (ii) the LTIP is not a part of the terms and conditions of the Participant’s employment or service; and (iii) the income from the Participant’s participation in the LTIP, if any, is not part of the Participant’s remuneration from employment or service.

**Compliance with Law.** By accepting this Award, the Participant agrees to comply with all applicable Brazilian laws and pay any and all applicable Tax-Related Items associated with the exercise of the Award, the sale of shares of Common Stock acquired under the LTIP and the receipt of any dividends paid on such shares of Common Stock.

## **CHINA**

*The following provisions apply to the Participant if the Participant is subject to exchange control regulations in the People’s Republic of China (“China”), including the requirements imposed by the State Administration of Foreign Exchange (“SAFE”), as determined by the Corporation in its sole discretion:*

### **Exchange Control Restrictions.**

(i) **SAFE Approval.** Notwithstanding anything to the contrary in the Schedule of Terms or the Award Agreement, the Participant will not be permitted to vest and/or exercise SARs to acquire shares of Common Stock unless and until the necessary approvals for the LTIP have been obtained from SAFE and remain in place, as determined by the Corporation in its sole discretion. Further, the Corporation is under no obligation to issue shares of Common Stock if the Corporation has not or does not obtain SAFE approval or if any such SAFE approval subsequently becomes invalid or ceases to be in effect by the time the Participant vests in the SARs.

(ii) **Impact of Termination of Employment on Vesting and Exercise.** Notwithstanding anything to the contrary in this Schedule of Terms or the Award Agreement, in no event will SARs be exercisable or shares issuable after 6 months following the Termination Date.

(iii) **Mandatory Sale Upon Termination of Employment.** Notwithstanding anything to the contrary in this Schedule of Terms or the Award Agreement, where a Participant’s employment or service with the Service Recipient is terminated for whatever reason, the Corporation’s broker will sell all the shares of Common Stock held by the Participant as a result of the exercise of

SARs as soon as administratively practicable (and in all cases within 6 months following the Termination Date). The proceeds from such sale, less any applicable withholdings, will be delivered to the Participant (or the Participant's estate) as soon as administratively practicable.

(iv) **Broker Account.** Any shares of Common Stock issued to the Participant upon the exercise of the SARs must be maintained in an account with UBS or such other broker as may be designated by the Corporation until the shares of Common Stock are sold through that broker.

(v) **Repatriation.** The Participant understands and agrees that, due to local exchange control requirements, he or she is required to repatriate to the China all proceeds he or she receives from participation in the LTIP, including any cash dividends and the cash proceeds from the sale of the shares of Common Stock acquired upon the exercise of the SARs. The Participant further understands that, under Chinese law, such repatriation of his or her cash proceeds will be effected through a special exchange control account established by the Corporation, the Service Recipient or another Subsidiary or Affiliate of the Corporation in China, and the Participant hereby consents and agrees that any proceeds he or she may receive as a result of participation in the LTIP will be transferred to such special account prior to being delivered to him or her. Unless the Corporation in its sole discretion decides otherwise, the proceeds will be paid to the Participant in local currency. The Corporation is under no obligation to secure any particular exchange conversion rate and the Corporation may face delays in converting the proceeds into local currency due to exchange control restrictions in China. The Participant agrees that neither the Corporation nor any Subsidiary or Affiliate can be held liable for any delay in delivering the proceeds to the Participant. The Participant agrees to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the time the sale proceeds are distributed through any such special exchange account.

(vi) **Other.** The Participant further agrees to comply with any other requirements that may be imposed by the Corporation in the future in order to facilitate compliance with exchange control requirements in China and to sign any agreements, forms and/or consents that may be reasonably requested by the Corporation (or the Corporation's designated broker) to effect any of the remittances, transfers, conversions or other processes affecting the proceeds.

#### **CZECH REPUBLIC**

There are no country-specific provisions.

#### **FRANCE**

Language Consent. By accepting the Award, the Participant confirms having read and understood the LTIP, this Schedule of Terms, and the Award Agreement, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. En acceptant l'Attribution, le Participant confirme avoir lu et compris le Plan (« LTIP »), les présents Termes et Conditions et le Contrat d'Attribution qui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.

SARs Not French-Qualified. The SARs granted under this Schedule of Terms will not qualify for the special French tax and social security treatment under Sections L. 225-197-1 to L. 225-197-6 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended.

#### **GERMANY**

There are no country-specific provisions.



## **HONG KONG**

**Form of Exercise and Payment.** SARs granted to individuals resident in Hong Kong shall be paid in shares of Common Stock only. In no event shall any SARs be paid in cash, notwithstanding any discretion contained in the LTIP and/or this Schedule of Terms to the contrary.

**Issuance of Shares and Sale of Shares.** This provision supplements the “Vesting and Expiration” section of this Schedule of Terms:

Any shares of Common Stock issued upon exercise of the Award are accepted as a personal investment. In the event shares of Common Stock subject to the Award are issued to the Participant within six months of the Grant Date, the Participant agrees that the Participant will not offer the shares of Common Stock to the public in Hong Kong or otherwise dispose of any such shares prior to the six-month anniversary of the Grant Date.

**Securities Law Information:** *WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant should exercise caution in relation to the offer. If the Participant is in any doubt about any of the contents of this Schedule of Terms, the Award Agreement, the LTIP or any other incidental communication materials, the Participant should obtain independent professional advice. The Award and any shares of Common Stock issued upon exercise do not constitute a public offering of securities under Hong Kong law and are available only to service providers of the Corporation and its Subsidiaries and Affiliates. This Schedule of Terms, the Award Agreement, the LTIP and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The Awards and any related documents are intended only for the personal use of each eligible service provider of the Service Recipient, the Corporation or any other Subsidiary or Affiliate and may not be distributed to any other person.*

## **INDIA**

There are no country-specific provisions.

## **ITALY**

**LTIP Document Acknowledgment.** By participating in the LTIP, the Participant acknowledges that the Participant has received a copy of the LTIP, this Schedule of Terms, and the Award Agreement and has reviewed the LTIP, this Schedule of Terms, and the Award Agreement in their entirety and fully understands and accepts all provisions of the LTIP, this Schedule of Terms, and the Award Agreement. The Participant further acknowledges that the Participant has read and specifically and expressly approves the sections of this Schedule of Terms addressing (i) Responsibility for Taxes, (ii) Non-assignability, (iii) Nature of Award, (iv) Data Privacy, (v) Compliance With Law, (vi) Imposition of Other Requirements, and (vii) Governing Law and Venue.

## **JAPAN**

There are no country-specific provisions.

## **KOREA**

There are no country-specific provisions.

## **LUXEMBOURG**

There are no country-specific provisions.

## **PORTUGAL**

**Language Consent.** The Participant hereby expressly declares that the Participant has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the LTIP and this Schedule of Terms.

**Conhecimento da Língua.** *Pela presente, o Participante declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo (Schedule of Terms em inglês).*

## **SINGAPORE**

**Restriction on Sale of Shares.** To the extent the Award vests within six months of the Grant Date, the Participant may not dispose of the shares of Common Stock issued upon exercise of the SARs, or otherwise offer the shares of Common Stock to the public, prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA") or pursuant to, and in accordance with the conditions of any other applicable provision of the SFA.

**Securities Law Information.** The Award is being made to the Participant in reliance on the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.), is exempt from the prospectus and registration requirements under the SFA and is not made to the Participant with a view to the Award or underlying shares of Common Stock being subsequently offered for sale to any other party. The LTIP has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

## **SPAIN**

**Nature of Award.** This provision supplements the "Nature of Award" section of this Schedule of Terms:

By accepting the Award, the Participant consents to participation in the LTIP and acknowledges that the Participant has received a copy of the LTIP.

The Participant understands that the Corporation has unilaterally, gratuitously and in its sole discretion decided to grant an Award under the LTIP to individuals who may be contractors, directors, or employees of the Service Recipient, the Corporation, or one of its other Subsidiaries or Affiliates throughout the world. The decision is limited and entered into based upon the express assumption and condition that any Award will not economically or otherwise bind the Corporation or any Subsidiary or Affiliate, including the Service Recipient, on an ongoing basis, other than as expressly set forth in this Schedule of Terms or the Award Agreement. Consequently, the Participant understands that the Award is given on the assumption and condition that the Award shall not become part of any employment or other service contract (whether with the Corporation or any Subsidiary or Affiliate, including the Service Recipient) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the Award, which is gratuitous and discretionary, since the future value of the Award, and the underlying shares of Common Stock, is unknown and unpredictable.

Further, the Participant's participation in the LTIP is expressly conditioned on the Participant's continued and active rendering of service, such that, unless otherwise set forth in the LTIP, if the Participant's employment or service terminates for any reason, the Participant's participation in the LTIP will cease immediately. This will be the case, for example, even if (1) the Participant is considered to be unfairly dismissed without good cause (*i.e.*, subject to a "*despido improcedente*"); (2) the Participant is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Participant's employment or service ceases due to a change of work location, duties or any other employment or contractual condition; (4) the Participant's

employment or service ceases due to a unilateral breach of contract by the Corporation or any of its Subsidiaries and Affiliates; or (5) the Participant's employment or service terminates for any other reason whatsoever. Consequently, upon Termination of Service for any of the above reasons, the Participant automatically lose any right to participate in the LTIP on the date of the Participant's Termination of Service, as described in the LTIP, this Schedule of Terms, and the Award Agreement.

Furthermore, the Participant hereby agrees that by accepting the Award, the participant authorizes the Corporation and/or the Service Recipient, or their respective agents, at their sole discretion, to satisfy any applicable withholding obligations or rights with regard to all Tax-Related Items by one or a combination of the following: (i) deducting directly from any payment due to the Participant or from any obligation of the Corporation and/or Service Recipient to the Participant (including but not limited to, withholding from the Participant's regular compensation); (ii) requiring the Participant (or the Participant's estate or beneficiaries, as applicable) to pay the Corporation an amount sufficient to satisfy compliance with the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Common Stock acquired upon exercise of the SARs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization and without further consent); (iv) withholding in shares of Common Stock to be issued upon exercise of the SARs; or (v) any other method of withholding determined by the Corporation and to the extent required by applicable law or the LTIP, approved by the Committee.

**Securities Law Information.** The Award and shares of Common Stock described in this Schedule of Terms do not qualify under Spanish regulations as securities. No "offer of securities to the public", as defined under Spanish law, has taken place or will take place in the Spanish territory. The LTIP, this Schedule of Terms, and the Award Agreement have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores*, and do not constitute a public offering prospectus.

### **SWITZERLAND**

**Securities Law Information.** Because the offer of the Award is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Award (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Corporation or Service Recipient or (iii) have been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority ("FINMA").

### **TURKEY**

**Securities Law Information.** Shares of Common Stock acquired under the LTIP cannot be sold in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "OTIS" and the shares may be sold through this exchange.

**Financial Intermediary Obligation.** Turkish residents are permitted to purchase and sell securities or derivatives traded on exchanges abroad only through a financial intermediary licensed in Turkey. Therefore, in order to sell shares of Common Stock acquired under the LTIP, individuals may be required to appoint a Turkish broker to assist with the sale.

### **UNITED ARAB EMIRATES**

**Securities Law Information.** Participation in the LTIP is being offered only to eligible service providers of the Corporation and any Subsidiary or Affiliate and is in the nature of providing equity incentives to employees in the United Arab Emirates. The LTIP, this Schedule of Terms, and the Award Agreement are intended for distribution only to such service providers and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities

offered should conduct their own due diligence on the securities. If the Participant does not understand the contents of the LTIP, this Schedule of Terms, or the Award Agreement, the Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the LTIP. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the LTIP, this Schedule of Terms, or the Award Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

### **UNITED KINGDOM**

**Responsibility for Taxes.** This provision supplements the “Responsibility for Taxes” section of this Schedule of Terms:

Without limitation to this section of this Schedule of Terms, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Corporation or the Service Recipient or by HM Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Corporation and the Service Recipient against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is a director or an executive officer of the Corporation (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), the Participant acknowledges that the Participant may not be able to indemnify the Corporation or the Service Recipient for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Item(s) occurs may constitute an additional benefit to the Participant on which additional income tax and National Insurance Contributions may be payable. The Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Corporation or the Service Recipient (as appropriate) for the value of any National Insurance Contributions due on this additional benefit, which the Corporation or the Service Recipient collect by any of the means referred to in the LTIP or this Schedule of Terms.

**Section 431 Election.** The Participant agrees that the Participant is required to enter into a joint election with the Service Recipient pursuant to section 431 of Income Tax (Earnings and Pensions) Act 2003 (or such other election as the Corporation may direct for the same purpose) electing that the price of the shares of Common Stock to be acquired upon the exercise of the SARs be calculated as if they were not “restricted securities.” The issuance of shares of Common Stock pursuant to the SAR Award is conditioned upon the Participant's entering into the form of section 431 election attached immediately below.

**NOTICE TO UK PARTICIPANTS  
REGARDING THE TAX IMPACT OF ACCEPTING THE 431 ELECTION**

Because there is a risk that HM Revenue & Customs (“HMRC”) may consider the shares you acquire at settlement of your Restricted Stock Units (“RSUs”), Performance Share Units (“PSUs”) and/or exercise of your Stock Appreciation Rights (“SARs”) to be “restricted” securities, you are required to enter into a joint election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 (“431 Election”). This will ensure that you will be subject to tax on the full unrestricted market value of shares at settlement or exercise thereby avoiding any subsequent taxable event (other than upon sale of shares acquired at settlement or exercise, as applicable).

**Clicking on the “ACCEPT” box indicates your acceptance of Part A of the two part “Joint Election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 for disapplication of Chapter 2 of the Income Tax (Earnings and Pensions) Act 2003”. Your employer will sign and maintain Part B on file. You should read this Notice in its entirety before accepting the 431 Election.**

**Tax Impact of Accepting the 431 Election**

By entering into the Election:

- you agree that you will be subject to income tax and National Insurance contributions on the full unrestricted market value of shares at settlement of your RSUs, PSUs and/or exercise of your SARs notwithstanding Otis Worldwide Corporation (“Corporation”)’s discretion to require you to give back shares or cash paid in connection with your awards in the event you engage in activity harmful to the Corporation as described in the “Forfeiture of Award and Repayment of Realized Gains” section of the Schedule of Terms; and
- you acknowledge that even if you have clicked on the “ACCEPT” box where indicated, the Corporation or your employer may still require you to sign a paper copy of this 431 Election (or a substantially similar form) if the Corporation determines necessary to give effect to the 431 Election.

Please read the 431 Election carefully before accepting the 431 Election.

Please print and keep a copy of the 431 Election for your records.

## Otis Worldwide Corporation

### Joint Election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 for full disapplication of Chapter 2 of the Income Tax (Earnings and Pensions) Act 2003

#### Two Part Election

##### Part A - To be completed by the Employee

###### 1. Between

The Employee who has obtained authorized access to the joint election  
and

The Company (who is the Employee's employer) identified in the attached Schedule  
of the Company Registration Number provided in the attached Schedule

###### 2. Purpose of Election

This joint election is made pursuant to section 431(1) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

**Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.**

###### 3. Application

This joint election is made not later than 14 days after the date of acquisition of the securities by the Employee and applies to:

Number of securities	All securities
Description of securities	Shares of common stock of Otis Worldwide Corporation
Name of issuer of securities	Otis Worldwide Corporation, a Delaware corporation

acquired by the Employee on or after the date of this joint election under the terms of the Otis Worldwide Corporation 2020 Long-Term Incentive Plan.

4. Extent of Application

This election under section 431(1) ITEPA disapplies all restrictions attaching to the securities.

5. Declaration

This election will become irrevocable upon the later of the date it is signed or accepted electronically or the acquisition and each subsequent acquisition of employment-related securities to which this election applies.

In signing or electronically accepting this joint election, I agree to be bound by its terms as stated above.

.....      ..../.../.....  
Signature (Employee)      Date

*Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the Employee and the Service Recipient in respect of that and any later acquisition.*

**SCHEDULE TO FORM OF ELECTION – EMPLOYING COMPANY**

The employing companies to which this joint election relates are:

**Employing Company**  
Otis Ltd.

**Company Registration Number**  
147366



April 25, 2024

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Commissioners:

We are aware that our report dated April 25, 2024 on our review of interim financial information of Otis Worldwide Corporation, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-3 (Nos. 333-270830 and 333-270834) and Form S-8 (No. 333-237551) of Otis Worldwide Corporation.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

## CERTIFICATION

I, Judith F. Marks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. 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
  - d. 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: April 25, 2024

/s/ JUDITH F. MARKS

Judith F. Marks

Chair, President and Chief Executive Officer

## CERTIFICATION

I, Anurag Maheshwari, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. 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
  - d. 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: April 25, 2024

/s/ ANURAG MAHESHWARI

Anurag Maheshwari

Executive Vice President and Chief Financial Officer

## CERTIFICATION

I, Michael P. Ryan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Otis Worldwide 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. 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
  - d. 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: April 25, 2024

/s/ MICHAEL P. RYAN

Michael P. Ryan

Senior Vice President and Chief Accounting Officer

**Section 1350 Certification**  
**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 Otis Worldwide Corporation, a Delaware corporation (the “Corporation”), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the “Form 10-Q”) 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 25, 2024

/s/ JUDITH F. MARKS

Judith F. Marks

Chair, President and Chief Executive Officer

Date: April 25, 2024

/s/ ANURAG MAHESHWARI

Anurag Maheshwari

Executive Vice President and Chief Financial Officer

Date: April 25, 2024

/s/ MICHAEL P. RYAN

Michael P. Ryan

Senior Vice President and Chief Accounting Officer