

## Honeywell International Inc.

### 2021 Annual Shareowners Meeting – Additional Q&A

Honeywell International Inc. held its 2021 Annual Shareowners Meeting on May 21, 2021. Following the meeting, our Chairman and Chief Executive Officer, Darius Adamczyk, held a 30-minute question and answer session to respond to questions submitted in writing by shareowners. Questions of general concern to all shareowners that were not answered during the allotted time, along with the company's responses, are set forth below.

We also received several submissions expressing a view or seeking a response on certain societal issues. These submissions are not included below. While we do not comment or respond to every social issue, policy proposal, and incident that occurs, we are unwavering in our foundational principles, and we will always champion the fundamental equality, dignity, safety, and well-being of every human being. We invite you to read our [Statement of Principles](#) posted at [www.honeywell.com](http://www.honeywell.com) for additional information.

**Q: *Give an example of how pandemic-induced changes will positively impact our business going forward.***

**A:** Honeywell has ramped up its focus on innovation in response to pandemic-related challenges, and this has led to a number of promising growth areas such as our Healthy Buildings offerings. We believe many of these growth areas will sustain well past the duration of the pandemic.

**Q: *Give an example of successful cost cutting in the past 6 months.***

**A:** Last year, we responded fast and early to the COVID-19 crisis by identifying and delivering on a two-phase program which achieved \$1.5 billion in year-over-year fixed cost savings. Approximately 70% of these savings, or approximately \$1 billion, represent a permanent reduction to our fixed cost base. To achieve this, we curtailed discretionary expenses, took temporary actions to reduce costs including reducing executive and Board pay, and removed significant structural costs through our repositioning programs. Our streamlined cost base positions us well for a 2021 recovery and will drive margin expansion across all four of our segments as well as capacity for investment as sales recover in 2021 and beyond.

**Q: *Will the number of employees go up or down in the year ahead***

**A:** We always determine the size of our global workforce based on demand for our offerings and the areas of focus identified within our short- and long-term strategic plans.

**Q: *What is more important – share buybacks or dividend increases?***

**A:** We are disciplined in balancing capital deployment between capital expenditures, mergers and acquisitions, dividends, and share repurchases. Over the past three years, we have consistently deployed more than 100% of operating cash flow to fund share

repurchases, dividends, M&A, and capital expenditures, all with industry-leading return on invested capital. This speaks to our ability to optimize our mix of investment priorities to generate consistently high returns.

**Q: *Which segment of the business will recover the quickest after the pandemic?***

**A:** While the COVID pandemic continues to impact our long-cycle aerospace and oil & gas businesses, we have seen substantial momentum in the short-cycle parts of our portfolio like Honeywell Building Technologies (HBT) and Safety and Productivity Solutions (SPS). In the first quarter, we drove robust double-digit growth in our warehouse automation solutions, personal protective equipment, and productivity solutions businesses, and we continued to see strength in advanced materials, connected software, and building products and services, including our healthy buildings portfolio.

**Q: *How has Garrett Motion's filing for Chapter 11 affected Honeywell's Liabilities since a considerable amount of asbestos liability payments were transferred to Garrett in the spin off?***

**A:** Our SEC filings contain discussion of our asbestos-related liabilities and Garrett Motion's Chapter 11 filing and its subsequent emergence from bankruptcy on April 30, 2021. Please see Note 15 (Commitments and Contingencies) of Notes to Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

**Q: *Mr. Chairman, The Carpenters funds hold a total of 512,400 shares of the company's stock. We believe that the company's executive compensation plan should be designed primarily to drive the successful execution of the Board's long term strategic business plan. Today's public company executive-compensation plans are largely formulaic peer-related plans, with simplistic annual Say-on-Pay voting reinforcing plan homogeneity. Would you or the Chair of the Compensation Committee speak to whether Honeywell might be better served by an executive compensation plan tailored specifically to the company's particular circumstances and its unique long-term strategic business plan? Thank you.***

**A:** The metrics approved by Honeywell's Management Development and Compensation Committee, or MDCC, for our short-term and long-term incentive plans are based primarily on objective measures of performance that are tailored to Honeywell's operating and strategic plans (earnings per share, free cash flow, return on investment, revenue growth, and segment margin). These metrics are not measured relative to peers. The only element of executive officer compensation that has a metric tied to peer performance is our three-year performance stock unit (PSU) plan. PSU awards represent less than 40% of executive officer annual compensation, and only 25% of PSU award payouts are tied to a peer-related metric (Honeywell total shareowner return relative to our compensation peer group, a metric that directly aligns with shareowner interests and provides balance to the overall program).

**Q: *Mr. Chairman, the topics of stakeholder capitalism, as an alternative to shareholder capitalism, ESG and sustainability programs and disclosure have received considerable attention recently. As long-term pension fund investors, the Carpenters Funds appreciate the sentiments embodied in stakeholder capitalism. What principles would the Board use to balance the interests of varied stakeholders as it develops and implements the company's long-term strategy? Thank you.***

**A:** Honeywell is a signatory to the Business Roundtable's Statement of Corporate Purpose, which acknowledges that, as a corporation, we are committed to delivering value to all of our stakeholders – customers, employees, suppliers, communities, and shareowners – and that our future success is tied to serving all of their needs. Honeywell aspires to establish, evolve, and effectively execute a long-term strategic vision that lives up to this broader purpose

**Q: *In January of this year, the Nobel Peace Prize-winning Treaty on the Prohibition of Nuclear Weapons entered into force as international law in the first 50 ratifying countries. 85 more countries support the Treaty and may ratify in the near future. Nuclear weapons are a highly profitable but profoundly dangerous and immoral industry. As this product is now illegal under international law, and shareholders are facing legislative risk, will you adapt by converting nuclear weapons scientists and infrastructure to green technologies and other pressing human needs?***

**A:** Honeywell does not make nuclear warheads or nuclear missiles. Honeywell's involvement in this area is twofold. First, Honeywell uses our commercial best practices in the management and operation of facilities on behalf of the U.S. government, including certain U.S. Department of Energy (DoE) facilities that are part of the country's nuclear deterrence, non-proliferation, and critical emergency response infrastructure. Honeywell ensures these facilities are operated in a safe and secure manner but does not own the products, policies, or funding for the mission and capabilities provided by these facilities. Honeywell is a world leader in managing and operating hundreds of commercial production facilities with the highest standards of safety and security. Honeywell's world-class operating systems drive down operating cost, including reduction in emissions and improvements in sustainability, and we apply these practices to our management of these DoE facilities. Second, Honeywell has developed guidance and navigation technologies that are used on a wide range of aircraft, including commercial airliners, business jets, cargo planes, rotorcraft, general civil aviation aircraft, and military aircraft as well as on missiles systems, including the Trident II (D5) missile. Honeywell does not assemble the missile or make any munitions related to the missile.

Honeywell has a long history of providing innovative products and services that improve our customers' environmental and sustainability profiles, and as part of our long-term strategy, we remain focused on innovating in this area. About half of our research and development in support of our new product portfolio goes toward solutions to help our customers reduce their carbon footprints or otherwise improve their ESG goals and outcomes.

**Q: *Why are there no Board members from outside the U.S. to support the global enterprise?***

**A:** Global experience has historically been and continues to distinguish Honeywell from our peers. The Corporate Governance and Nominating Committee of our Board of Directors remains focused on continuing this legacy as it leads the search for new director candidates following the retirements of three directors with strong global backgrounds – Jaime Chico Pardo in 2020 and Clive Hollick and Linnet Deily in 2021. The Honeywell Board uses a skills and experience matrix to facilitate the comparison of its directors' skills versus those deemed necessary to oversee the Company's current strategy. Global experience is one of the five strategic skills identified on the matrix and is a key consideration in the evaluation and nomination of director candidates.

**Q: *Given Aero's significant revenue is government, including U.S. Defense & Space, do we think this administration will make recovering in Aero even more challenging?***

**A:** The proposed topline budget for the Department of Defense (DoD) as proposed by President Biden is \$715 billion, which is an \$11.3 billion increase (1.6%) over the last budget. This budget will continue to support Aerospace growth. We continue to see opportunities to leverage Honeywell commercial technologies as the DoD implements improvements for existing platforms and acquires new platforms.

**Q: *What aspects of this Administration's current agenda may require Honeywell to think differently about the way it currently does business? What aspects of this Administration's current agenda will Honeywell most benefit from?***

**A:** We believe that the focus of the Administration on sustainability and climate change efforts will benefit Honeywell as we continue to invest in development of solutions to help our customers meet their environmental objectives. The focus of the federal government on these topics will also open up new opportunities directly with the federal government and will also help drive businesses in key offering areas such as Honeywell Solstice® refrigerants, blowing agents, aerosols, and solvents; biofuels; and energy storage.

**Q: *How is Honeywell preparing for changes associated with the Biden Administration?***

**A:** Historically, Honeywell has been a leader on many issues of concern to both political parties, and we offer a wide range of technologies that promote sustainability and support key elements of our nation's critical infrastructure. We have been meeting with key Administration officials since the beginning stages of the transition to share Honeywell's perspectives, and we are focused on priorities that align with the Administration's priorities such as COVID recovery, environmental policy, and investment in new technologies that create jobs and promote American leadership.

**Q:** *How is Honeywell preparing for potential, increased sanctions or restrictions on dealings with particular countries?*

**A:** Honeywell complies with all applicable U.S. export controls and trade sanctions laws and regulations. Honeywell analyzes its engagements to ensure compliance with restrictions, as well as for risks given the changing geopolitical landscape. As appropriate, Honeywell amends its business practices to control for geopolitical risks and to ensure continued compliance with all laws. Looking ahead, we continually monitor the geopolitical landscape not only to ensure compliance with applicable regulations, but also to ameliorate any potential vulnerabilities relating to the supply of our services, technology, and products.