

Environmental and Social Due Diligence

Resolved: Shareholders request the Board of Directors report on the company's due diligence process to identify and address environmental and social risks related to emissions, spills, or discharges from Honeywell's operations and value chain. The report should:

- Explain the types and extent of stakeholder consultation; and
- Address Honeywell's plans to track effectiveness of measures to assess, prevent, mitigate, and remedy adverse impacts on the environment and human health

Whereas: Honeywell's operations are linked to significant pollution incidents, including PCB contamination, violation of air quality standards, and liability for numerous EPA Superfund Sites.¹ Failure to adequately assess and mitigate environmental and social impacts from company operations often results in litigation, project delays, and significant fines. For instance, Honeywell has reportedly incurred over \$261 million in fines since 2000, over half of which are related to environmental penalties.² The company is also ranked in the top 10 companies responsible for water pollution globally, according to a 2020 report.³ Honeywell lists material environmental liabilities as an operational risk and anticipates future environmental lawsuits, claims, and costs.⁴

This "cost of doing business" for the company has disparate and significant costs for community members, public health, and the environment.⁵ In 2020, New Jersey filed a lawsuit against Honeywell for allegedly knowingly polluting water and soil with cancer-causing PCBs.⁶ In 2019, Honeywell reached settlements to pay up to \$16.2 million in South Carolina and \$4 million in Georgia for PCB contamination as well.⁷ In June 2021, Honeywell and two other companies agreed to pay over \$65 million for allegedly contaminating drinking water in New York with PFAS, a long lasting chemical associated with developmental and reproductive issues, cancer, and immunological effects.⁸ The company is also facing lawsuits over endangering residents with hazardous waste contamination from its Illinois uranium facility and for soil and groundwater contamination at the Gary/Chicago International Airport.⁹

Fenceline communities have criticized Honeywell for lack of effective community consultation surrounding pollution incidents, and for insufficient cleanup.¹⁰ A legacy Honeywell pollution coke smoke stack in Tonawanda, NY is linked to decades of health impacts, including elevated cancer

¹ <https://www.nj.com/news/2020/11/nj-sues-over-decades-of-pollution-along-hudson-river.html> ; <https://www.epa.gov/enforcement/case-summary-29-million-settlement-clean-saltwater-marsh-lcp-chemicals-superfund-site> ; <https://grconnect.com/tox100/ry2018/index.php?search=yes&company2=3247>

² <https://violationtracker.goodjobsfirst.org/parent/honeywell-international>

³ <https://peri.umass.edu/toxic-100-water-polluters-index-current>

⁴ https://s27.q4cdn.com/359586471/files/doc_downloads/proxy_materials/2021/HON-2020-Annual-Report.pdf

⁵ <https://www.justice.gov/opa/pr/honeywell-and-others-fund-restoration-natural-resources-and-protect-natural-habitat-along>

⁶ <https://www.northjersey.com/story/news/environment/2020/11/10/honeywell-superfund-lawsuit-nj-over-edgewater-nj-and-hudson-river-contamination/6224306002/>

⁷ <https://www.wsoctv.com/news/local/honeywell-international-paper-commit-to-162m-cleanup-of-contaminated-site-in-nc/942112586/> ; https://thebrunswicknews.com/news/local_news/dnr-settles-with-honeywell-on-lcp-cleanup/article_33e82090-8bb7-5cdc-8f2c-019034491318.html

⁸ <https://topclassactions.com/lawsuit-settlements/medical-problems/cancer-medical-problems/residents-reach-65m-with-saint-gobain-3m-honeywell-over-tainted-water-supply/>

⁹ <https://www.law.com/2021/07/27/honeywell-hit-with-environmental-lawsuit-over-uranium-storage/?slreturn=20210629100730> ; <https://casetext.com/case/garychi-intl-airport-auth-v-honeywell-intl-inc-1>

¹⁰ <https://indiancountrytoday.com/archive/onondaga-see-voice-in-lake-cleanup-nation-wants-principled-negotiations>

risks, cardiopulmonary disease, and birth defects.¹¹ Community members allege they have not been adequately consulted in cleanup efforts, and Honeywell is lobbying to reclassify the site, which may result in less comprehensive remediations.¹²

Failure to adequately address environmental and social risks poses material legal and regulatory risks to the company and its shareholders. Honeywell reserved \$660 million for environmental liabilities in 2020 but is unable to reasonably estimate future potential costs for environmental liabilities.¹³ Honeywell does not disclose any detailed information on its processes for community consultation beyond philanthropy initiatives. Investors lack sufficient disclosure on how Honeywell's Environmental and Social initiatives and other due diligence processes identify and address environmental and social risks associated with its pollution.

¹¹ https://www.justice.gov/sites/default/files/usao-wdny/legacy/2013/09/25/Coke_49.pdf

¹² <https://www.cacwny.org/2019/07/honeywell-responsible-for-tonawanda-coke-site-remediation/>

¹³ https://s27.q4cdn.com/359586471/files/doc_downloads/proxy_materials/2021/HON-2020-Annual-Report.pdf