

Directors' report

for the financial year ended 31 December 2020

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report.

The ultimate parent company, Honeywell International Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. While considering the ability of the ultimate parent company to provide financial support, the directors, have reviewed the 2020 and Q2 2021 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The directors have further relied on forward looking assessments provided by Honeywell International Inc. under various possible COVID-19 scenarios, including rollout of the vaccine, and are satisfied that the ultimate parent company is in a position to provide the necessary financial support. As part of their consideration, the directors have acknowledged the cost control measures already taken across Honeywell International Inc., the group's cash, cash equivalents and short term investments balance at 30 June 2021 of \$12.3 billion.

The directors have a reasonable expectation that the company has adequate resources, including support from Honeywell International Inc. to continue in operational existence for the foreseeable future being a period of at least 12 months from the date of these financial statements.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

Disclosure of information to auditor

In the case of each of the persons who is a director at the time this report is approved:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Global GHG emissions and energy use for the period

The annual quantity of emissions of carbon dioxide (Co2) equivalent resulting from the companies activities are:

	2020 Tonnes	2020 kWh
Co2 emissions from combustion of gas	77.09	419,285
Co2 emissions from combustion of fuel for transport purposes	264.94	1,049,295
Co2 emissions from electricity purchased for own use	245.30	1,052,149
Emissions from business travel in rental cars or employee -owned vehicles where company is responsible for purchasing the fuel	18.46	70,233
Total gross CO 2e based on above	605.79	2,590,962

Ratio of total emissions to sales

0.01

Methodology for determining emission values

GHG Protocol: The corporate standard used in conjunction with DEFRA conversion factors was used. Where available, energy consumption is based on actual results. Where actual information is not available, consumption is based on estimates as follows:

- Estimation of sites energy consumption was done by CBECS factors for labs and offices using the square footage information;
- Business travel calculations are based on spend data converted to liters and assumed diesel as the fuel used;

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Personal mileage calculations are based on spend data converted to miles with the assumption that all vehicles used diesel.

Steps taken to increase the company's energy efficiency

Honeywell has a commitment to making our business operations more environmentally friendly and sustainable. Our internal efforts have improved our Scope 1 and Scope 2 greenhouse gas intensity by more than 90% since 2004. And we are committed to achieving more. In 2019, Honeywell set a new five-year "10-10-10" target to reduce global Scope 1 and Scope 2 greenhouse gas emissions by an additional 10% per dollar of sales from 2018 levels, to deploy at least 10 renewable energy opportunities, and to achieve certification to ISO's 50001 Energy Management Standard at 10 facilities, all by 2024. Environmental responsibility is important to our long-term growth. Being a steward of the environment ensures economic sustainability for our shareholders and employees, and it enables continued development of products to meet the demands of an expanding global economy.

We have implemented the following actions to reduce/offset our emissions and energy consumption

- Global energy program allowing any site to avail funding for energy reduction projects
- Implementing lighting and control systems upgrade projects, compressed air and cooling plant upgrade projects in the UK. The project implemented will result in 33 Tonnes of CO2 savings/annum
- Newsletter communication on Honeywell Sustainability that includes best practice sharing. These communications provide awareness and knowledge sharing of energy savings across UK
- Specific program to optimize the facilities during the Covid period in UK will reduce 21 Tonnes of CO2 savings/annum.
- Purchasing electricity with REC's in many UK sites.

Events since the balance sheet date

There have been no material adjusting or disclosable events since the financial year end.

Independent auditor

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board of directors and signed on its behalf by:

DocuSigned by:



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Madeleine Orbell-Thompson

Director

08-Dec-2021