

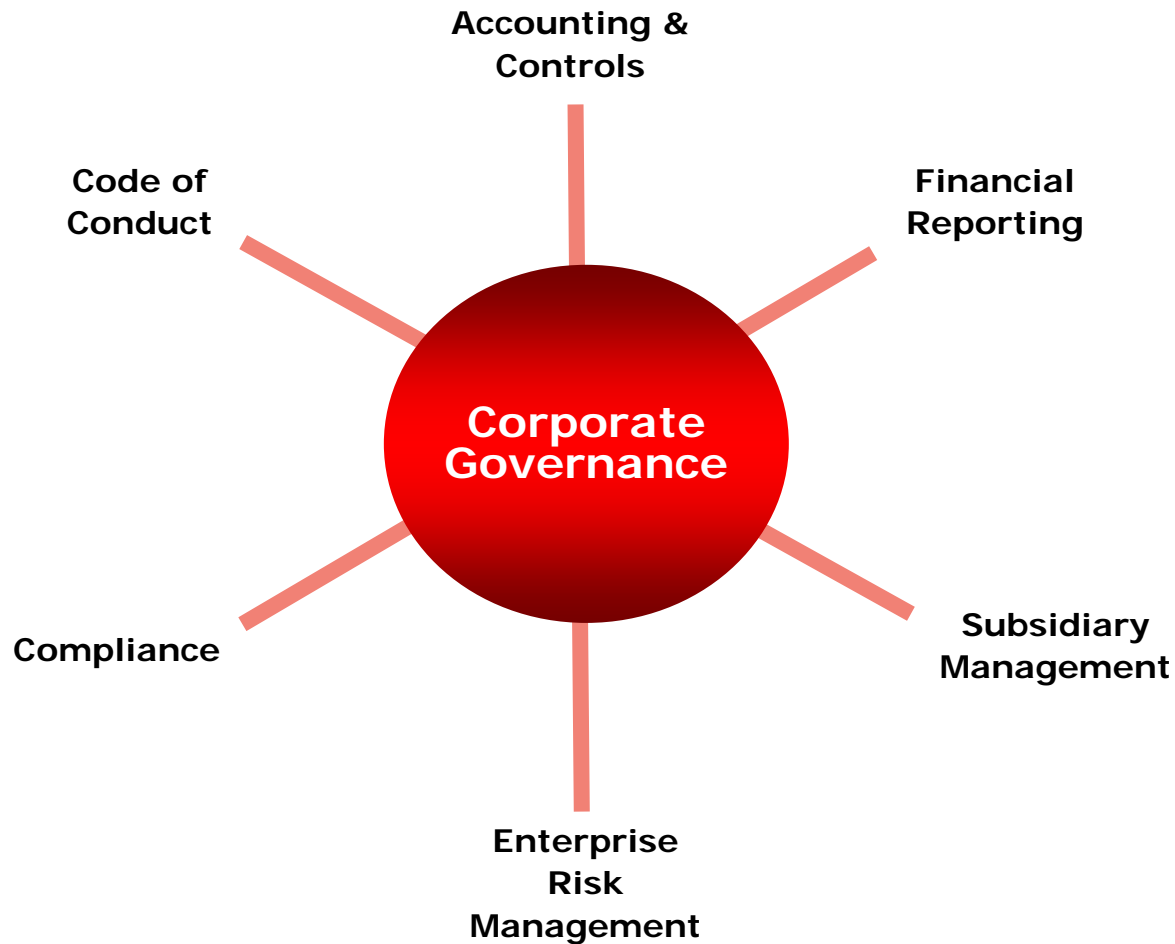
# Corporate Governance at Honeywell

October 27, 2008

**Honeywell**

# Corporate Governance Is Multi-Faceted Concept

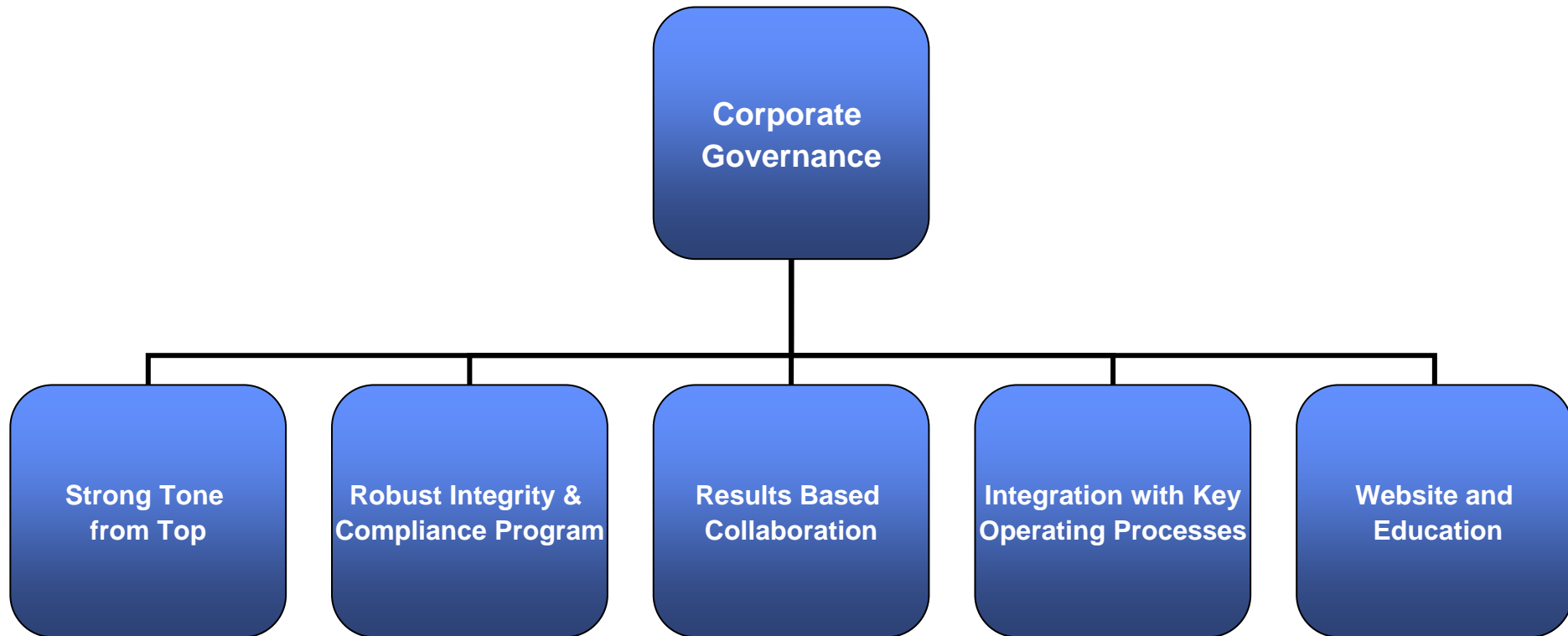
Honeywell



*Credibility Is Our Most Valuable Asset*

# Corporate Governance: Fundamental Elements

Honeywell



*Consistent Messaging; Individual Involvement and Accountability; Macro View*

# Strong Tone from the Top

- Consistent Message from Leadership
  - Doing business the right way - - stress importance of integrity and compliance
  - In variety of settings - - senior leadership meeting, staff meetings, town halls
- Board of Directors
  - Independent Board that constructively challenges management
  - Experience/background provide awareness of issues facing complex, global, multi-industry organization
- Corporate Governance Cannot be Viewed as “Check The Box” Exercise or Bureaucratic Burden
  - Honeywell Behaviors focus both on results and on how employees go about achieving them
  - Compliance programs aligned with Honeywell’s key initiatives

*Corporate Governance Central To  
“One Honeywell” Performance Culture*

# Code of Business Conduct

- Our Relationship with the Company and Each Other
  - Respect the Individual, Privacy and Value Diversity
  - Avoid Conflicts of Interest
  - Provide a Safe Workplace
  - Safeguard Property and Information
  - Maintain Accurate Books and Records
- Our Relationship with Customers and Suppliers
  - Provide Quality Products and Services
  - Seek Business Openly and Honestly
  - Comply with Government Procurement Regulations
- Our Relationship with Others
  - Comply with All Laws, including Antiboycott, Import, Export, FCPA
  - Protect the Environment
  - Do Not Make Improper Political Contributions
- The Integrity and Compliance Program
  - Employee and Supervisor Responsibilities
  - Corporate Policies

*Employees Have Personal Responsibility To Act With Integrity*

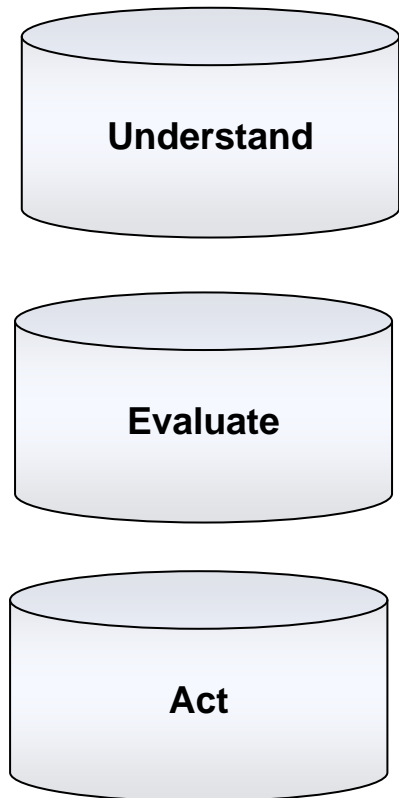
# Robust Integrity & Compliance Program

- Corporate Integrity & Compliance Council
  - Provides Code of Conduct Guidance
  - Maintains Metrics; Evaluates Trends
  - Drives Best Practices
  - Semi-annual Reporting to Dave Cote and Senior Staff
  - Review of Accounting/Controls Issues
  - Coordination with Internal Audit and Corporate Secretary
- SBG Integrity & Compliance Councils
  - Emphasis on Business Ownership
  - Network of Business Conduct Leaders (Legal, HR, Supply Chain, Finance, Global Security)
  - Management Operating System to Investigate/Close Out Open Cases
  - Fair and Consistent Disciplinary and Corrective Actions
  - Quarterly Reporting to SBG Presidents
- Annual Code of Conduct Certifications by Managers; Mandatory Employee Training

*Integrity and Compliance Councils Drive Business Accountability*

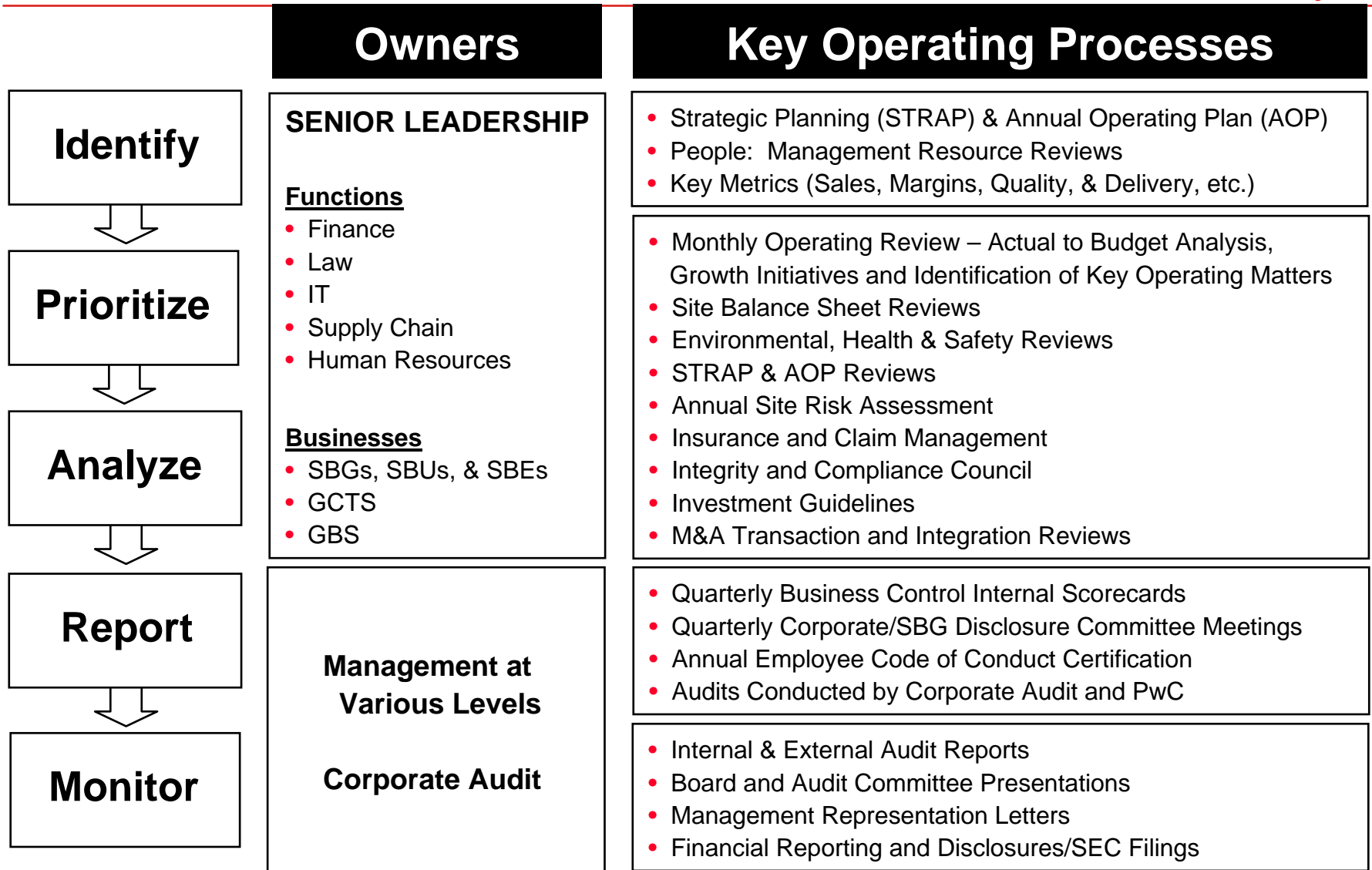
# Results-Based Collaboration

- **Results based, collaborative approach to governance issues**
  - Actively monitor evolving developments and best practices
  - Capture opportunities and reduce risk



- **SEC's e-proxy rules: Opportunity for a more efficient, cost effective process**
  - Recognized significant printing and postage savings
  - Maintained number of retail shares voted
- **Executive compensation disclosure**
  - Cross-functional team formed to address SEC's revised executive compensation rules and to enhance the clarity of the presentation in the proxy
- **Subsidiary Management**
  - 700 subsidiaries in over 70 countries
  - A global team of 5 manages and oversees subsidiary maintenance and compliance
  - Upgraded and updated subsidiary maintenance database
  - Standardized processes and tools to facilitate the dissemination of information and the fulfillment of compliance requirements

# Integration With Key Operating Processes



*Mature, Evolving Processes With Significant Management Attention*

# Internal Websites and On-going Education

- Technology helps us to promote corporate governance excellence, drive down costs, improve internal client satisfaction and reduce risk to the Company
- Internal law and government relations websites
  - Provides employees with access to forms, templates, presentations and responses to frequently asked questions
  - Provides on-line training on various topics including conflicts of interest, antitrust, insider trading and data privacy
  - Code of Conduct is presented in 20 different languages
  - Visits to sites have increased from under 100,000 in 2003 to over 1.7 million in 2007

*External Recognition As Best Practice*