

Honeywell

Detailed assessment of Honeywell’s corporate industry association review

September 2022

This document outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association climate policy engagement, using the traffic-light assessment framework summarized below. Further detail on the assessment methodology is available in the Appendix, and on our CA100+ Investor Hub [here](#).

| Key | Explanation |
|-----|--|
| | Has broadly met investor expectations in this area. |
| | Has made some progress on investor expectations in this area, but with significant deficiencies. |
| | Has fallen short of investor expectations in this area. |

A summary of Honeywell’s disclosures on industry associations is shown below. Honeywell has undertaken one review of its industry associations to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

| Date of Review | Review Score |
|----------------|--------------|
| March 2022 | 21 / 100 |

This assessment focuses solely on Honeywell’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement, which can be found on InfluenceMap’s online profile of Honeywell [here](#).

Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment. A more detailed breakdown, along with examples of best practice evidenced by other companies to date, can be found on the following page.

| Disclosure & Transparency | Policy Alignment Process |
|----------------------------------|--------------------------|
| Corporate climate positions | Identify & Assess |
| Industry group climate positions | Monitor & Review |
| Alignment assessment method | Act |
| Framework for misalignment | |

Honeywell’s Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, Honeywell’s assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

Disclosure & Transparency

Corporate climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond ‘top-line’ climate statements. This includes descriptions of the company’s positions and policy engagement activities on specific items of regulation and legislation which are material to the company’s operations, business sector, and/or the region(s) in which it operates.

| | |
|-----------------------------|---|
| <p><i>Honeywell</i></p> | <p>Honeywell discloses its positions on specific items of regulation and legislation in its industry association review. Honeywell included positions on the EU Emissions Trading System (ETS), EU Green Deal, the Paris Agreement, tax credits to incentivize hydrogen technology in the U.S., provisions for the Sustainable Aviation Fuel credit and the Clean Fuel credit in the Build Back Better Act. Honeywell also disclosed its engagement with policymakers to promote global policies on energy efficiency, clean energy generation, and transitioning away from hydrofluorocarbons (HFCs), which are a type of greenhouse gas. The company also disclosed its engagement on the American Innovation and Manufacturing Act, which calls for a U.S. phase-down of HFCs.</p> <p>Honeywell does not appear to omit any of its negative positions on policies that are material to its operations.</p> |
| <p>Best Practice</p> | <p><i>Shell</i> has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.</p> |

Industry association climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

| | |
|-----------------------------|--|
| <p>Honeywell</p> | <p>Honeywell's disclosure on its industry associations' climate policy positions and influencing activities is limited to brief statements on the positions of three associations it found to have conflicting positions on climate policy: American Fuel and Petrochemical Manufacturers (AFPM), National Association of Manufacturers, and the U.S. Chamber of Commerce. However, Honeywell's disclosure on their positions lacks detail, and is limited to some top-line positions on the Paris Agreement, and one position from AFPM on the Environmental Protection Agency's Renewable Fuel Standard. Honeywell does not elaborate on the climate policy positions and influencing activities of the other thirteen industry associations in its review, and limited their descriptions to operational activities and a few top-line positions on climate-related issues.</p> |
| <p>Best Practice</p> | <p>No companies have met investor expectations in this area, although BASF and Shell exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.</p> |

Alignment assessment method

To meet investor expectations under this indicator: The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

| | |
|-----------------------------|---|
| <p>Honeywell</p> | <p>Honeywell has not disclosed a clear and detailed framework for assessing alignment with its industry associations. In its review, the company stated that it engaged with two external organizations to summarize the public policy positions of its industry associations. Honeywell does not detail how it used this information to determine its industry association's degree of alignment on climate change. In addition, the company does not describe what constitutes a finding of alignment or misalignment, nor does it provide a clear and detailed explanation behind each evaluation.</p> |
| <p>Best Practice</p> | <p>BASF has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.</p> |

Framework for addressing misalignment

To meet investor expectations under this indicator: The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

| | |
|-----------------------------|---|
| <p>Honeywell</p> | <p>Honeywell has disclosed a framework to address potential cases of misalignment. The company stated that, if different stances on climate change between the company and its associations are identified, it will assess the breadth of the difference, engage with the association to pursue alignment, and incorporate the difference(s) into the company’s review of its ongoing membership with the given industry association. The company also states that it will evaluate the goals of the association and the benefits of membership to understand if action can be taken to remain a member, or if membership presents too large a gap in terms of values.</p> <p>However, Honeywell does not disclose clear deadlines for industry associations which do not amend misaligned practices.</p> |
| <p>Best Practice</p> | <p><i>BHP</i> has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.</p> |

Policy Alignment Process

| Identify & Assess | |
|---|--|
| <p>To meet investor expectations under this indicator: The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.</p> | |
| Honeywell | <p>Honeywell's industry association review assessed sixteen industry associations, and identified three associations with "notable differences on climate and energy policy": the American Fuel and Petrochemical Manufacturers, the National Association of Manufacturers, and the US Chamber of Commerce. Despite this, Honeywell states that the company does not find these differences in positions to be material, and that their views generally align.</p> <p>InfluenceMap analysis indicates that the company likely has at least six memberships to industry associations with climate policy engagement misaligned with the Paris Agreement (American Fuel and Petrochemical Manufacturers, National Association of Manufacturers, US Chamber of Commerce, International Council of Chemical Associations (ICCA), Verband der Chemischen Industrie, American Petroleum Institute), and at least seven memberships to industry associations with climate policy engagement potentially misaligned with the Paris Agreement (American Chemistry Council, Business Roundtable, European Association of Automotive Suppliers (CLEPA), Information Technology Industry Council, European Chemical Industry Council (CEFIC), Instituto Brasileiro de Petróleo e Gás (IBP), China Petroleum and Chemical Industry). InfluenceMap analysis finds that these associations have engaged negatively on climate-related policies, for example:</p> <ul style="list-style-type: none"> ■ American Fuel and Petrochemical Manufacturers (AFPM): In comments to the Minnesota House Climate and Energy Policy and Finance Committee from March 2022, AFPM <i>advocated</i> for policymakers to oppose the Future Fuels Act, which aims to reduce the carbon intensity of transportation fuel. In the same comments, AFPM <i>opposed</i> the Future Fuels act and its provisions to transition the energy mix from fossil fuels to bioenergy. Additionally, in comments to the U.S. National Highway Traffic Safety Administration in October 2021, AFPM <i>opposed</i> the Corporate Average Fuel Economy (CAFE) standards for car and truck fleet Model Years 2024-2026. ■ U.S. Chamber of Commerce: In a May 2022 blog post, Senior VP of Policy Martin Durbin <i>supported</i> the long-term role for hydrogen produced with fossil gas, and supported infrastructure and investment that will lock in unabated fossil fuels in the energy mix. The U.S. Chamber also <i>contested</i> the U.S. Environmental Protection Agency's (EPA) authority to regulate methane emissions, and supported major exceptions to standards on domestic gas production, in comments submitted to the EPA in January 2022. ■ European Association of Automotive Suppliers (CLEPA): In a February 2022 Joint Letter, CLEPA did not fully support the EU Carbon Border Adjustment Mechanism (CBAM), and <i>suggested</i> that it may cause carbon leakage if unspecified "necessary steps" are taken. Additionally, in a May 2022 press release, the association <i>advocated</i> for the long term use of the internal combustion engine using renewable fuels. CLEPA also <i>argued</i> that the de-fossilization of mobility should take place in the mid- to long-term, as opposed to the short-term, in an April 2022 'Joint vision for the transition pathway of the mobility ecosystem' report. |
| Best Practice | <p>Enel is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p> |

Monitor & Review

To meet investor expectations under this indicator: The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.

| | |
|----------------------|---|
| Honeywell | In its industry association review, Honeywell stated that its Political Contributions Advisory Board will review its memberships to trade associations on an annual basis. The company also stated that the assessment will focus on Honeywell's core sustainability and climate goals. However, it is unclear whether the annual reviews by the board will be published in the company's corporate reporting. |
| Best Practice | <i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations' climate positions, and detailed next steps. Shell has committed to publish its next update in 2023. |




Act

To meet investor expectations under this indicator: The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's *database* on corporate lobbying. The investor expectations outlined by *PRI*, *IIGCC* and *Ceres* include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

| | |
|----------------------|---|
| Honeywell | Honeywell has shown some evidence of action to address misalignments with the American Fuel and Petrochemical Manufacturers, the National Association of Manufacturers, and the US Chamber of Commerce. For each industry association, the company stated that it would formally communicate differences in position to the board and review their positions to ensure continued alignment. However, there are limited details on the specific outcomes sought in these engagements to reform the detailed and material lobbying activities undertaken. Honeywell also does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap's database (see Identify & Assess). |
| Best Practice | No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap's database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its 'Vote Greens Last' advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them. |

Appendix A: Methodologies for Assessment



Scoring Disclosures and Policy-Alignment

| Key | Explanation |
|---|--|
|  | Has broadly met investor expectations in this area. |
|  | Has made some progress on investor expectations in this area, but with significant deficiencies. |
|  | Has fallen short of investor expectations in this area. |

Assessing Disclosures

Since BHP's 2017 industry association review, around 60 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *'Investor Expectations on Corporate Climate Lobbying'* report, the PRI highlights the need for disclosure on the company's positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company's stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

| Disclosure Item | Score | InfluenceMap's Assessment Criteria |
|--|---|---|
| Corporate climate policy positions and influencing activities |  | The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates. |
| |  | The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company's description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates. |

| | | |
|--|--|---|
| | | The company has made no attempt to disclose its climate policy positions and influencing activities, or the company's disclosure is limited to a brief overview of its 'top-line' climate statements and operational commitments without reference to specific items of regulation and legislation. |
| Industry association climate policy positions and influencing activities | | The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements. |
| | | The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations. |
| | | The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation. |
| Alignment assessment method | | The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation. |
| | | The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3). |
| | | The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3). |
| Framework for addressing misalignment | | The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices. |
| | | The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices |
| | | The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail. |

Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

| Alignment Process | Score | InfluenceMap's Assessment Criteria |
|-------------------|--------|---|
| Identify & Assess | Green | The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. |
| | Yellow | The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database). |
| | Red | The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database). |
| Monitor & Review | Green | The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities. |
| | Yellow | The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe. |
| | Red | The company has not committed to any follow-up processes as part of its review of industry associations. |
| Act | Green | The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations. |
| | Yellow | The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations. |
| | Red | The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations. |

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 400 companies and 200 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.