resideo

2021 ESG Report

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About this Report

This is Resideo's first Environmental, Social, and Governance (ESG) report, demonstrating our commitment to transparency and accountability. The figures in this report reflect data as of December 31, 2021, unless otherwise stated. Select highlights from 2022 initiatives are included for context and support; however, we plan to include the majority of our 2022 initiatives in a future disclosure.

Our inaugural ESG report includes selected metrics with respect to key Resideo facilities intended to provide an overview of our long-term sustainability objectives using the Sustainability Accounting Standards Board (SASB) principles for guidance. We are making investments in measurement tools and processes and aspire to standardize our ESG reporting and disclosures in alignment with applicable SASB industry frameworks in our future reports.

Forward Looking Statements

This report contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than those of historical fact, that address activities, events, or developments that we or our management intends, expects, projects, believes, or anticipates will or may occur in the future are forward-looking statements. We use words such as "aim," "anticipate," "believe," "commit," "drive," "estimate," "ensure," "expect," "aspire," "goal," "intend," "may," "mission," "plan," "project," "seek," "strategy," "strive," "target," "will," and "would" or similar expressions to identify forwardlooking statements. All such statements are intended to enjoy the protection of the safe harbor for forwardlooking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Our actual future results, including the achievement of our targets, goals, or commitments, could differ materially from our projected results due to changes in circumstances, assumptions not being realized, or other risks, uncertainties, and factors. Such risks, uncertainties, and factors include those discussed in Item 1A of our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the SEC. The information and opinions contained in this report are

provided as of the date of this report and are subject to change without notice. We undertake no obligation to update any forward-looking statements contained in this report as a result of new information or future events or developments. This report represents our current policy and intent and is not designed to create legal rights or obligations. The standards of measurement and performance contained within are developing and based on assumptions, and no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this report can or will be achieved. We urge you to consider all the risks, uncertainties, and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements made here. In addition, the inclusion of information in this report, or the manner in which it is described herein, should not be construed as a characterization regarding the materiality or financial impact of that information. No part of this report or our website constitutes, or shall be taken to constitute, an invitation or inducement to invest in us or any other entity and shall not be relied upon in any way in connection with any investment decisions.

Introduction

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resideo Letter From Our CEO

Dear Stakeholders,

I am proud to present Resideo's inaugural ESG report. This report showcases our dedication to constantly improving the sustainability of our solutions, reducing our environmental impact, and creating an inclusive work environment for our employees. Additionally, this report documents our progress towards our ESG objectives, and outlines what we aspire to achieve in the future.

Resideo is a purpose-driven culture focused on simplifying the connected world to give people peace of mind and allow them to focus on what matters most. Our ESG strategy is supported by a framework rooted in innovative solutions to help make homes and buildings better for the planet, reducing our own footprint, committing to our people, driving positive impact in our communities, and maintaining a foundation of trust. These are the cornerstones of our effort to deliver on Resideo's commitment to a safe and secure home. We are also pursuing initiatives that combat the effects of climate change, reduce our energy usage, and provide the market with sustainable, responsible product solutions.

In 2021, we advanced our ESG journey by investing in experienced, dedicated ESG leaders who have enhanced our already-established ESG governance structure and have been integral to ensuring that ESG is part of our everyday culture and decision-making. In recognition of our efforts to date, we have achieved the Silver rating from EcoVadis, a global monitoring system which evaluates sustainable business practices. Our momentum has continued through 2022, and I am proud of the work that is underway.

With our 2022 acquisition of First Alert, our commitment to life safety has expanded, furthering our efforts to protect what matters most and allowing us to harness technology to build leading fire safety and security products for people who put their trust – and their lives – in our hands. I would also like to welcome the First Alert team members joining from our acquisition earlier this year and reiterate my commitment to a culture where our employees feel valued.

Our goal with this inaugural report is to communicate our commitment to sustainability and social responsibility. Thank you for taking the time to learn more about where we are, and where we aspire to be, on our ESG journey. I look forward to sharing more in future reports.

Best Regards,



Jay Geldmacher President and CEO, Resideo

Our Company

Resideo is a leading global manufacturer and developer of technology-driven products and solutions that provide critical comfort, safety and security, safety, energy efficiency, and energy control solutions. We are also the leading wholesale distributor of low-voltage security products including intrusion, access control, fire safety, and video products. Additionally, we participate significantly in the broader related markets of smart home, power, audio, ProAV, networking, communications, wire and cable, enterprise connectivity, and structured wiring products. We have a global footprint serving commercial and residential end markets. Our primary focus is the professional channel, where we are a trusted partner for more than 110,000 professional installers. This is all possible thanks to our team of 13,300 full-time hourly and salaried employees across 32 countries as of December 31, 2021.

Our Identity and Values

Our Vision

We imagine a world where homes and buildings are good for the planet, where technology works to simplify life. In that world, people are healthy, happy, and secure.

Our Purpose

To help create this future, we will work every day to simplify the connected world so people have peace of mind and can focus on what matters most.

Our Values



we care about the long-lasting positive impact we make on each other, our customers, our communities, and the planet.

We deliver value to our customers via two business segments: Products & Solutions and ADI Global Distribution.

Products & Solutions (P&S)

Our comfort, energy efficiency, security products, and solutions have a presence in more than 150 million homes around the world. In addition to Resideo, our family of brands includes Honeywell Home, Braukmann, and others. Our offerings span temperature and humidity control, thermal water and air solutions, security panels, sensors, peripherals, wire and cable, communications devices, video cameras, awareness solutions, cloud infrastructure, installation and maintenance tools, and related software. We are a leading player across many of our product categories with approximately 15 million solutions installed annually. Through our whole home presence, both on and behind the wall, we are an enabler of home connectivity that encompasses approximately 9.4 million customers. Our connected solutions utilize data to provide control, visibility, insights, and alerts to the end user. We have developed and sustained longstanding partnerships with the professional installers who have relied on our comprehensive product suite and configured solutions to help them succeed for more than 100 years. Our broad portfolio of innovative products is delivered through networks of professional contractors, distributors, and original equipment manufacturers (OEMs), as well as major retailers and online merchants.

ADI Global Distribution

Through nearly 200 stocking locations in 17 countries, ADI Global Distribution distributes more than 350,000 products from more than 1,000 manufacturers to a customer base of more than 110,000 contractors annually. A key differentiator for ADI is its superior customer service, and we believe that our global footprint gives us distinct scale and network advantages in our core products over our competitors. Furthermore, we believe our customers derive great value from the advice and recommendations of our expert design specialists, which allow our customers to better meet the technical and systems integration expertise requirements to install and service professional security systems. We continue to be a leader in the industry, offering value-added services including presales system design, 24/7 order pickup, and the selective introduction of new product categories such as professional audio-visual.

Resideo at a Glance

\$5.8B

in net revenue

13,300

employees across 32 countries

260+ sites

including offices, distribution centers, and manufacturing hubs

Product & Solutions

presence in 150M homes

\$2.5B in net revenue **#1** for security, fire safety, and low-voltage products¹ \$3.4B in net revenue

Resideo's ESG Efforts are Shaped by:

E

INNOVATE



16 Energy Star[®] certified thermostats

REDUCE

1.6 Million Metric Tons

of carbon dioxide equivalent saved by Resideo smart thermostats, comparable to the energy used by nearly 200,000 homes for one year²

9.3 Tons of Mercury

saved from the landfill by recycling our thermostats

S

COMMIT

44.9% of our global employees are women

6 Global ERGs

(Employee Resource Groups) with more than 700 team members representing our diverse employee base

IMPACT

\$500,000 Donation

in-kind and cash commitment to Habitat for Humanity

Mission 500 names ADI a Corporate Social Responsibility and Humanitarian Award winner

TRUST

G

AD



Awarded EcoVadis Silver Medal

40% of our Board is diverse

80% of our Board is independent

¹ Market data from IHS Markit

² Estimated energy savings from Resideo connected thermostats in 2021 were equated to metric tons of CO2 equivalent and energy required to power the average U.S. home using EPS's Greenhouse Gas Equivalent Calculator. This calculation also leverages 2015 RECS Survey Data.

Our Approach to ESG

Our Approach to ESG

ESG Mission and Strategic Objectives

Our ESG efforts have evolved to become a big component of our purpose: to help simplify the connected world and build peace of mind. To drive our ESG efforts, we established a mission that incorporates five elements connected to our material issues:

Е

INNOVATE

Innovating sustainable offerings in water, air, energy, and security for homes and buildings

REDUCE

Striving to reduce our environmental impact through our own Resideo footprint

S

COMMIT

Committing to an equitable, safe, and nurturing work environment

IMPACT

Improving the future of organizations, partners, and individuals through positive impact in our community

G

TRUST

Driving a foundation of trust in the market through fair and ethical governance

In a little more than two years, we have created a culture that seeks to incorporate ESG key performance indicators (KPI) alongside our traditional operating metrics and decision making. As our team grows and evolves, we are enhancing our subject matter expertise on ESG management and working to set goals to advance key priorities.

We have expanded the teams working on these important issues and are strengthening our measurement and reporting, with a future goal of aligning to the SASB standards and other key frameworks applicable to our business.

2021 was a year of investing in our purpose. We hired a dedicated Vice President for ESG and a global sustainability leader for our P&S business. These are senior roles within corporate strategy and P&S global marketing, emphasizing the importance of ESG to our culture, footprint, and financial results. We conducted a materiality assessment, which inspired our ESG framework: Innovate, Reduce, Commit, Impact, Trust. This assessment, conducted in partnership with a third party, identified three priority areas for further action: climate change risk, data governance, and human capital management, inclusive of diversity, equity, and inclusion (DEI). We believe we have made progress towards furthering actions in our three priority areas. Specifically, we are creating relevant endorsements and certifications which will make it easier for our customers to know the impact our products have on the world.

We recognize that ESG integration is a journey. In 2020, when we established our first ESG Council, we mapped our operational footprint and committed to 20 percent reduction goals by 2025 for energy usage, waste consumption, and greenhouse gas (GHG) emissions. As our organization and footprint continue to evolve, we are increasing our measurement capabilities and evaluating these targets to ensure that our goals are both ambitious and specific to our footprint. We continue to drive towards our 2025 targets and are proud of the progress we have made to date, such as earning EcoVadia's Silver sustainability rating, indicating that our corporate social responsibility practices place us alongside the top 25% of our peers. We believe measurement drives improvement and are as committed as ever to putting in place reporting and goals to reflect our ambition.

ESG Governance and Oversight

Resideo's commitment to addressing ESG risks and opportunities starts at the top and travels across our organization at all levels. As ESG is a core element of Resideo's business strategy, our governance structure is designed for accountability and adaptability.

Our Board of Directors plays a key role in ESG oversight and integration. We have a Nominating and Governance Committee which is accountable for Resideo's role as a responsible corporate citizen, including our ESG programs. In addition, our Compensation and Human Capital Management Committee oversees the company's plans, policies, and programs relating to hiring, development, and talent retention, while assisting the Board in oversight of the company's policies relating to human capital management, including DEI. This is further detailed in our <u>Board Committee charters</u>.

Our CEO is ultimately responsible for Resideo's ESG integration, in partnership with the President of P&S and the President of ADI Global Distribution. In 2021, Resideo hired a Vice President for Environmental, Social, & Governance, who reports to the Executive Vice President, Chief Strategy & Commercial Officer. The Vice President for ESG partners with leaders throughout Resideo's businesses to ensure that ESG issues are addressed across departments and geographies, establishing a global strategic vision for ESG.

Given the nature of Resideo's businesses and industries, we believe that cross-functional coordination is key to successful ESG integration. Over the past three years we have evolved the structure of this crossfunctional ESG team, and plan to further our ESG governance structure aligned around our five ESG elements.

Resideo's ESG history

OCTOBER 2018

Resideo listed on NYSE as new publicly traded company

2019 - 2021

Obtained ISO 14001 certification for six Resideo facilities

MID-2020

New executive leadership announced and onboarded, including new CEO & CFO

NOVEMBER 2020

ESG Council established

APRIL 2021

Third-party ESG assessment initiated

Habitat for Humanity \$500K cash and in-kind partnership announced

MAY 2021

ADI named Mission 500 Corporate Social Responsibility Award Winner

AUGUST 2021

Resideo ESG framework introduced, shaped by five elements: Innovate, Reduce, Commit, Impact, Trust

SEPTEMBER 2021

Investment in ESG in-house experts and a culture of sustainability

Partnered with Amazon on an ECOLOGO®certified connected thermostat

Innovate

A HIM

6

0

Innovate

Innovating sustainable offerings in water, air, energy, and security for homes and buildings

At Resideo, we approach our work with an eye towards innovation and sustainability. We are on a mission to make the future better for our planet, together.

Our company's products date back as far as 1885, when inventor Albert Butz patented the furnace regulator and alarm. In 1953, our iconic T-86 "Round" thermostat was introduced. Since then, we have worked hard to innovate for our customers, and we were one of the first companies to have achieved the initial ENERGY STAR® certification for thermostats. With more than 2,400 patents, this spirit of innovation remains within us, and we are proud to have 16 Energy Star certified thermostats to-date, the most in the market.

Driven by our P&S business, today Resideo offers whole-home smart solutions designed to automate homes and buildings, advance comfort, safety, and wellbeing, and benefit both people and the planet. From raw materials to packaging, we aim to consider the environmental, social, and economic impacts at every stage of the development process for Resideo's portfolio, from product conception to recovery. We are at the early stages of this mission and look forward to reporting on our progress in the future.

Just as we did with our initial thermostat, Resideo is committed to helping protect what matters most through products and solutions covering air, water, energy, fire safety, security, and services. With concerns about the effects of climate change and cybersecurity threats top of mind for our customers, our goal is to research and develop today for the impact of climate and security in the future, providing value for the long-term.

Defining Sustainable Products: Introducing the Green Horizons Framework

In 2021 and early 2022, we developed the foundation for a framework which will serve as the qualification for sustainable products at Resideo in the years to come – referred to as our Green Horizons products.

Leveraging Climate Data and Trends to Inform New Product Development

Resideo launched a New Product Introduction (NPI) initiative focused on helping our customers adapt to the long-term impacts of climate change. We use scientific criteria, such as the Intergovernmental Panel on Climate Change (IPCC) Reports, to inform us of the future trends, impacts, and needs that we seek to address with our product innovations. In service of our vision — a world where homes and buildings are good for the planet, where technology works to simplify everyday life — we are streamlining our hardware and cloud-based platform architecture. We are prioritizing comfort, security, fire and life safety, health, energy management, predictive preventative maintenance, and operations while at the same time working towards providing a common platform, helping to reduce costs, and enabling faster development for our customers and their homes.



Green Horizons





DESIGN

Our focus is on designing products for longevity, performance, and recyclability while making them efficiently with the fewest materials possible.

MANUFACTURING

Our goal is to measurably reduce our direct GHG emissions, energy usage, waste, and water consumption at our manufacturing sites and across supply chains.

PACKAGING

With our ongoing activities and new efforts, we are committing to using sustainable packaging, selecting materials based on their suitability, practicality, and end of life solutions. We are planning for the removal of polyvinyl chloride (PVC) and expanded polystyrene (EPS) from all packaging by 2025.

IN-USE PREFORMANCE

By reducing the energy our heating and cooling products use — while improving overall performance — we will continue to create and offer innovative solutions that have a positive impact on global CO₂ emissions.



RE-USE

We are focused on diverting more of our products and materials from landfills by developing longlasting products that can be reused or easily recycled and made using recycled or bio-based materials.



We obtained the first ECOLOGO® certification for a connected thermostat in the market. This thermostat contains 33 percent post-consumer recycled content and 93 percent of its packaging from wood fiber is derived from sustainably managed forest and/or recycled content.



Taking Action on Hydrogen with Lighter Footprint Technologies

We are looking beyond traditional combustion technology to less energy intensive technologies. We recognize that utilizing hydrogen is more than a trend and have been engaging with customers to further develop our hydrogen roadmap. We are targeting a combustion control system that can be used in combination with hydrogen in 2023, and strive for technology that allows a complete boiler to be fueled by a significant mix of hydrogen with a goal of greater than 30 percent in the long-term.

In September 2021, we opened a new cutting-edge technical center in Lotte, Germany, which will enable further development of greener technology, including hydrogen integration. The center has 23 different test stations designed for a range of products and appliances. As there are no standards available for hydrogen use in gas valves yet, we developed a test plan in collaboration with Kiwa, a global testing, inspection, and certification consultancy organization that specializes partially in hydrogen and sustainability. We now have several confirmations from Kiwa that our valves are hydrogen-ready.

Green Horizons in Practice

Design

We aspire to design products for longevity, quality, and performance. This means making them more efficient, using fewer materials, and remaining viable with changing regulations. From incorporating postconsumer recycled content, to enabling products to run on renewable fuel sources, our team is innovating on what is possible to position our portfolio for a more sustainable future.

Manufacturing

Just as our products should be durable and sustainable, so should the spaces in which we operate. Our goal is to significantly reduce our direct GHG emissions, energy usage, waste, and water consumption at our manufacturing sites and ultimately across supply chains. The upgrades we have made to our Nagykanizsa, Hungary manufacturing site have been recognized by the Hungarian government with the Energy Efficient Company award three times since 2018 for different energy saving initiatives, including for the use of solar panels in 2021.

Additional details about our manufacturing sites and integrating sustainability into our buildings are included in <u>the Reduce section</u>.

Packaging

With our new focus on sustainable packaging, we are committing to using sustainable packaging materials, eliminating the quantity of paper installation manuals where possible, and removing PVC and EPS from packaging. Recent efforts include:

- Designing packaging for pallet cube efficiency which reduces our emissions from transportation by increasing yield on our pallets, leading to fewer truck rolls and more efficient deliveries.
- Achieving Forest Stewardship Council (FSC) certification on packaging for the ECOLOGO® certified thermostat.

Going forward, packaging sustainability and stewardship requirements will be central aspects of the new product innovation process.

In-Use Performance

We seek to integrate sustainability and innovation and are proud that a portion of our products in the air, energy, and water portfolios contain energy and water saving features. With the Green Horizons framework, our aim is to ensure that our products and services are designed, manufactured, and packaged sustainably, can be used efficiently upon installation, and have a path for end-of-life to avoid the landfill.



BoilersHeat Pumps

Furnaces

· Water Heaters

ENERGY³

WATER

- Potable Water Controls
- Backflow Prevention
- Leakage Detection and Prevention
- Hydronics

SECURITY AND SAFETY

- Residential Intrusion Systems Pro / DIY
- Video Solutions
- Fire

Helping Texas During Winter Storm Uri

In 2021, we ran over 200 energy events in Texas during Winter Storm Uri. When the grid was on the verge of collapse, within four minutes and 37 seconds of failure, we, together with other utility resources, provided key energy reduction services, helping the grid avoid black start failure and significant potential equipment damage.

Air and Energy

Small things – such as a thermostat – can make a big impact on a home's energy use and even, ultimately, the planet. Our portfolio includes 16 ENERGY STAR® certified thermostats, more than any other thermostat manufacturer. We aim to innovate and develop products in Air and Energy that can contribute to our customers using less energy, reducing costs associated with heating and cooling, and helping our customers reduce their own environmental impact.

Our data scientists estimate that in 2021, Resideo smart thermostats helped customers save 1.6 million metric tons of Carbon Dioxide Equivalent, which is comparable to the energy used by nearly 200,000 homes for one year.⁴ Other products that we believe have a positive environmental impact include:

- Honeywell Home T5/6 Pro Thermostat: According to a 2019 study tracking customers in two states, users recorded a reduced runtime between eight to 16 percent on heating and cooling by using the devices' scheduling features.⁵
- Whole-House Air Cleaners: The F100 and F200 models are designed with easy-to-replace air filters which can last four times longer than a standard one-inch filter. The F300 model has a washable filter, eliminating the need for replacement filters.

Water

Six billion gallons of water are lost each day through aging infrastructure and household leaks, wasting nearly one trillion gallons of water annually in the U.S., according to the American Society of Civil Engineers[®]. The opportunities for efficiency innovation are significant. At Resideo, we strive to make water consumption smarter, by helping control use and reuse without sacrificing safety and comfort.

Our solutions are designed to help control energy use in heating, cooling, and circulating water products, such as pool pumps, to enable a true whole-home sustainable solution.

- Our connected and non-connected water valves and preventers help enable more efficient management of hot water. Our valves allow for lower temperatures in water systems, saving energy by reducing how much heat is required, and improving safety by limiting scalding.
- Based on average flow rate, duration of leaks, and the average cost of a water leak claim, Resideo estimates that our devices helped save 2.4 million gallons of water and \$1.5 million in insurance claims last year.⁶
- The Resideo EvoHome smart hydronic heating system, available for homes in Europe, allows a resident to individually control domestic hot water and up to 12 heating zones. With touchscreen control, the homeowner can quickly gain control of exactly where and when the property should be heated.

Security and Safety

In line with our commitment to protect what matters most, we develop and sell home security products all designed with security in mind. Our commitment to security and safety also led to Resideo's 2022 acquisition of First Alert, expanding our fire safety portfolio. We look forward to reporting on our shared engagements with First Alert in years to come. We work every day to innovate new ways to keep our customers safe and secure.

We regularly evaluate our products to improve security and ensure that customer personal data is protected. We employ a defense-in-depth strategy, and our IT and security controls undergo regular testing from internal and external assessments and continuously evolve to keep pace with changing technologies and cybersecurity threats.

More than half of Resideo's 1,300 engineers worldwide work on software. Cyber security is a key part of our software development process. In fact, it is so important to Resideo that we have imbedded certified security ambassadors within our engineering functions to drive these efforts. This approach has helped Resideo integrate security into the underlining fabric of our Software Development Life Cycle (SDLC) process.

Additional details about our approach to data privacy are included in the Trust section.

Re-Use and Recycling

We are developing processes to ensure that fewer of our products and materials end up in landfills. We are focused on eliminating unnecessary pollution and waste by creating Eco-Design principles. This includes designing products that can be reused, recycled, and made using recycled or bio-based materials. As a founding member of the Thermostat Recycling Corporation (TRC), we are proud to support the mission of safely recycling mercury-containing thermostats.

⁴ Estimated energy savings from Resideo connected thermostats in 2021 were equated to metric tons of Carbon Dioxide Equivalent and energy required to power the average U.S. home using EPA's Greenhouse Gas Equivalencies Calculator. This calculation also leverages 2015 RECS Survey Data.

⁵ High use of the scheduling features of the Honeywell Home T 5/6 Pro thermostat saved customers between 8 and 16% on heating and cooling bills. Dollar savings range based on nationwide average annual single-family detached home's heating and cooling bills. T5/6 thermostats with a high use of the scheduling features ran central heat pumps 8-14% less, gas furnaces 13-16% less, and air conditioners 10-13% less than basic connected thermostats with a low use of the scheduling feature, observed from over 5,000 similar homes in IN & OH in 2019.

⁶ The estimation of gallons saved and insurance claim reduction in 2021 is based on the average water loss during pipe burst events and other insurance industry data.

Sustainable Solutions

We are on a journey to provide our customers with software and services that enable products to work efficiently and optimally, in addition to energy and water saving hardware solutions. We seek to provide the best smartware for smart homes and buildings, addressing energy management, equipment predictive maintenance, and remote monitoring.

Energy Management

In the face of increasingly severe weather events driven by climate change, Resideo is responsibly leveraging the power of big data through proprietary algorithms and load shaping technology to help providers deliver grid reliability, boosted efficiency, and enhanced grid solutions for the whole home. Our Connected Savings Program utilizes products and technology to address demand response and energy efficiency for our customers.

Connected Savings Intelligence provides orchestrated demand response strategies to bring demand reduction and flexible dispatch capabilities to all home energy devices. We optimize connected devices for automated energy efficiency programs and deliver personalized energy scorecards with actionable insights.

Our products have helped shift 5.4 GWh of peak energy to protect the power grid across 25 U.S. utilities and energy markets through demand flexibility programs.⁷ The aggregated result comes from estimated performance from over 25 utility and energy market load management programs during the summer of 2021.⁸ This is the equivalent of GHG emissions from 9.5 million miles driven by an average gas-powered vehicle.⁹

Resideo is also a member of the National Electrical Manufacturers Association (NEMA) and part of NEMA's Infrastructure Task Force. The energy transition, electrification and decarbonization of buildings, transportation, industry, and the power sector will rely in part on NEMA members' products. We believe catalyzing this transition will require sound technical codes and standards, supportive public policies, and extensive stakeholder education.

Equipment Predictive Maintenance and Remote Monitoring

HVAC monitoring is a growing part of our product portfolio, with energy and cost savings for buildings and the professional contractors who service them.

- Our Remote Appliance Monitoring products communicate data from our connected thermostats and additional sensors to professional contractors trained in spotting problems in HVAC equipment before they develop into issues. The contractor is often able to consult with the homeowner to remedy the situation without an unnecessary site visit, saving time and transportation.
- Our Pro-IQ product takes Remote Appliance Monitoring a step further by automating the detection of equipment failures, which can reduce both energy consumption and costs. Using predictive analytics and machine learning, Pro-IQ can warn the customer at the earliest signs of failure — for example, preventing a refrigerant leak in an air conditioner that might cause it to run longer than needed, or identifying a failing igniter in a furnace that causes the unit to run without producing heat and waste energy. Without Remote Appliance Monitoring, equipment may continue to operate with failing components, wasting energy before a homeowner or professional would typically notice.

⁷ The aggregated result comes from estimated performance from over 25 utility and energy market load management programs during the summer of 2021.

- ⁸ https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results
- ⁹ https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator?unit=kilowatthoursay oided&amount=5400000#results

Resideo Grid Services

Energy management and sustainability are at the forefront of our work with partners, the trusted brands in the home. Resideo joined the Home Connectivity Alliance to help enable safe and secure interoperability across long-life appliances, HVAC systems, and TVs within the connected home energy ecosystem. Resideo also connects our partners to the US Demand Response network of more than 85 utilities and aggregators with our Energy Management solutions.

Accelerating Innovation Through Hack Events

In 2021, we sponsored a Resideo Smart Home – Sensors and Analytics hack event to seek innovators and solution builders worldwide. The challenge was to create an Internet of Things (IoT) device that uses two or more sensor technologies that bring value to a homeowner or to a professional that serves a homeowner. Teams (which were internal and external to Resideo) were asked to formalize their idea through a prototype.

The winner was a team of Resideo employees based in Chihuahua, Mexico, that developed a product prototype to enhance water quality. The team is now collaborating with specialized colleagues in Europe around a new research and development activity to bring this prototype to reality.

Memberships, Partnerships, and Stakeholder Engagement

Stakeholder engagement is key to Resideo's business and our approach to innovation. We partner with some of the world's leading brands including Amazon, Google, Samsung, and Whirlpool. We also work in collaboration with leading community and industry organizations to advance sustainable growth. In addition, we collaborate with leading community and industry organizations to advance sustainable growth.

We are proud of our involvement with:

- Thermostat Recycling Corporation (TRC)
- · Connectivity Standards Alliance (CSA)
- · Air Conditioning Contractors of America (ACCA)
- Electronic Security Association (ESA)
- Energy Efficient Building Association (EEBA)
- Residential Energy Services Network (RESNET)
- Air Conditioning, Heating and Refrigeration Institute (AHRI)
- Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI)

Innovation Across ADI

As a leading distributor, ADI is also taking steps to ensure that sustainability is integrated into our business, focusing on packaging and the way in which we service our customers. We consolidate customers' orders, shipping to the same location on the same day to reduce our environmental footprint. We also consolidate customer orders for "will-call" with store replenishment procedures to ensure sustainability and timely and efficient delivery.

ADI also hosts an annual employee competition on Earth Day, challenging employees to share how the organization can be more sustainable. One submission is then selected to be implemented globally. In 2021, ADI Portland Branch Manager Paul Hinds' idea to print one page instead of two for branches that mark their will-call in our internal system was selected. Implementation of this idea has contributed to a reduction of paper consumption and costs for ADI branches.



Defining the Future through the Connectivity Standards Alliance

Resideo sits on the Board for the Connectivity Standards Alliance (CSA), coming together with others across the industry to create a standard for home connectivity devices (Matter), allowing devices from different manufacturers to interoperate.

Established in 2002, initially as the Zigbee Alliance, CSA's wideranging global membership collaborates to create and evolve universal open standards for the foundation and future of IoT – the products transforming the way we live, work, and play.

The Connectivity Standards Alliance Board of Directors is comprised of executives from Amazon, Apple, ASSA ABLOY, Comcast, Google, Huawei, IKEA, Infineon Technologies AG, The Kroger Co., LEEDARSON, Legrand, Lutron Electronics, NXP Semiconductors, OPPO, Resideo, Schneider Electric, Signify (formerly Philips Lighting), Silicon Labs, SmartThings, Somfy, STMicroelectronics, Texas Instruments, Tuya, and Wulian.





Advancing Energy Transition Through Policy

In 2021, Resideo was a key contributor to offering advice on the United States Environmental Protection Agency (EPA) Smart Home Energy Management System specifications – known as S.H.E.M.S. Resideo worked with smart home service providers and other stakeholders to help develop the standard for ENERGY STAR®10 recognition for smart home systems that give consumers the tools they need for smart energy solutions. The EPA is using the standard to certify qualifying whole home automation systems for items like lights, appliances, and smart thermostats to help generate more energy savings.

¹⁰ https://www.energystar.gov/products/spec/smart_home_energy_management_systems_pd



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resideo

Reduce

Striving to reduce our own environmental impact through our Resideo footprint

We have an important role to play in protecting the planet, and aspire to do our part to mitigate and adapt to climate-related risk. This effort begins at home, through reducing Resideo's environmental impact across all business lines, operations, and geographies.

In 2019, Resideo underwent a company-wide effort to analyze our consumption and waste patterns in our manufacturing and key distribution sites. This helped identify areas within our manufacturing processes that leave the greatest environmental impact, allowing us to design strategies and initiatives to reduce our footprint. As a result, we have begun seeing progress in reducing our environmental impact throughout these sites.

Across Resideo's global footprint, we are working towards 20 percent reduction goals for energy usage, GHG emissions, water management, and waste management.¹¹ These targets are based on a 2019 baseline and a mapping exercise conducted in 2020. As much has shifted both across our organization and our external environment in recent years, we are increasing our measurement capabilities and evaluating our reduction goals to ensure that they are both measurable to certain frameworks and achievable based on our investment in the business and its sites.

Integrating Sustainability into Our Buildings

As we upgrade our facilities around the globe, we are mindful of reducing our footprint and ensuring that we are working towards our vision through local site projects.

Resideo has environmental, health, and safety (EHS) standards across our manufacturing and distribution facilities, which ensure that our sites are focused on employee health and wellness and energy efficiency. Five out of six EMEA locations, and seven out of 13 manufacturing sites overall are now ISO 14001 certified or compliant. In 2021, we achieved our first ISO-50001 facility certification in our factory at Nagykanizsa, Hungary, with other facilities in EMEA expecting to achieve similar certifications in 2023.

We updated our Nagykanizsa, Hungary manufacturing site to increase energy efficiency – replacing lighting, installing new condensing boilers for heating, and upgrading pipes and water systems. The site also has solar panels, which reduce electricity usage from non-renewable energy sources.

In 2022, ADI Global Distribution relocated its headquarters to a new site within Melville, NY. The new office space was designed with sustainability in mind. It includes eco-friendly lighting, with increased natural light, LED bulbs, motion sensors and fixtures crafted from recycled cardboard, an energy-efficient heating and cooling system, reusable products, water conserving plumbing fixtures, refillable water stations, ENERGY STAR® appliances, recycle stations, and more.

Energy Use and Carbon Emissions

We are continuously working to decrease our Scope 1 and Scope 2 emissions and reduce our energy and water usage. Overall, efforts for these commitments are focused on projects such as:

- Installing LED lighting across our large facilities.
- · Installing additional solar panels.
- · Purchasing green-certified electricity.
- Beginning to engage with data platforms for tracking and quantifying fleet emissions.
- Working across the value chain, including with our own distributors. We support Walmart's Project Gigaton, the company's initiative to reduce GHG emissions from their operations and supply chains by 2030.

Where possible, in our P&S business, we have made the decision to bring production closer to primary geographic markets in an effort to mitigate our reliance on the shipping of finished goods from East Asia and reduce our carbon footprint.

Waste

We track waste at many of our manufacturing and distribution sites, using landfill and waste diversion rates as the metric for measuring our usage and the effectiveness of our mitigation efforts. We have identified cardboard, wood pallets, electrical, and plastic as our primary waste streams. We are making global efforts to mitigate the impact of these waste streams in the communities where we operate.

- At our ADI distribution centers, waste volumes are monitored and reported monthly.
- Primary distribution centers have a cardboard baler, and all cardboard waste is recycled after baling.
- Wherever possible, we reuse, recycle, or return good pallets to our suppliers.
- Scrap metal accounts for our largest volume of recycled waste at our Golden Valley manufacturing site.
- Our manufacturing sites in Tijuana and Juarez repurpose/reuse non-hazardous waste.

Water

Resideo is committed to continuously improving our water efficiency through initiatives and investments large and small, from identifying major areas for site overhaul, to water management efforts including identifying leaks and awareness campaigns within our facilities about turning off taps.

Resideo also has projects in place across many of our facilities to improve our water management. For instance, at our facility in Golden Valley, Minnesota, we are examining the installation of a closed loop water system to bring down water consumption.



Commit

TREE

CEE

THE PARTY

C

Commit

Committing to an equitable, safe, and nurturing work environment

Our ability to embrace change, boldly step into the unknown, and relentlessly foster innovation to fuel our growth is driven by our people. Resideo's global workforce brings unique ideas and perspectives to work every day and helps us pioneer solutions for a better world. We are committed to creating an equitable, safe, and nurturing environment where our employees can be themselves and do their best work.

Employee Experience

At Resideo, we strive to create a working environment where employees can feel good about what they do, flex their creativity, make a difference, and never stop learning.

In 2021 we updated our vision and purpose statements, identified new leadership competencies, and introduced revised corporate values. We overhauled our internal and external materials to reflect these changes, incorporated these values into our staffing materials and processes, re-vamped our recognition program, and created leadership materials for the transition.

4D

Our People By The Numbers¹²





Additional workforce data can be found in the Data Disclosure Index.

¹² As of December 31, 2021

MART HOME & COM

Driving Employee Engagement

For the past three years we have launched an annual Employee Voice Survey to help us identify ways we can better support our people. We use a proprietary process to canvas employees with access to corporate computers across three key areas: Motivation, Ability, and Knowledge of Expectations. Our scores for the 2020 and 2021 cycles were consistent at 7.7, with a target of 8+ on a 10-point scale. We also use a more traditional engagement survey with the same scale and goal for our skilled labor employees. Our 2021 score of 7.6 was down slightly from 2020. Both groups were asked how likely they would be to recommend Resideo as a place of employment. From this feedback, we were able to determine a combined employee Net Promoter Score (eNPS) of 26, an increase of 3 points over 2020. This score can fall between -100 and 100 and Resideo's goal is to exceed 50. Our 2021 results actioned several initiatives, including additional training to ensure DEI continues to be a priority within our culture and teams; conversations with leadership to promote two-way dialogue; increased opportunities for 360-degree feedback, and 30-60-90-day onboarding plans for new employees.

Employee Wellbeing and Benefits

We are committed to helping our employees stay balanced, healthy, and supported at work and beyond through a wide variety of health, wellness, and financial benefits. We offer benefit programs where employees can elect options that meet the needs of their families, along with wellness initiatives to support and protect employee health. In 2021, we offered a flexible work environment, coupled with comprehensive leave programs including vacation, holiday, parental leave, and paid sick time —making sure employees could rest and recharge. Our pay is evaluated on a global scale with regular reviews and paired with savings and retirement programs, in addition to employee stock purchase opportunities in the U.S. and the United Kingdom (UK).

Through our Employee Assistance program, all employees and their dependents have access to short-term confidential counseling and can participate in webinars that cover a range of topics including grief, depression, and burnout. Employees also have access to on-demand training courses which focus on topics including relaxation, coping with change, and work-life balance.

We also launched our All-in Employee Well-being portal in 2021 for all US employees and dependents. The portal includes resources designed to promote daily habits like exercising and keeping stress in check. It can connect employees with lifestyle coaches who offer free coaching sessions on targeted areas of wellbeing, such as nutrition, exercise, sleep, or depression. The portal also provides financial resources, such as coaching and workshops to help employees manage their finances and serves as a forum to bring employees together to offer encouragement to one another as they work towards their goals.



Supporting Our Employees' Health and Wellbeing

Our Ride with Resideo program encourages employees around the world to take care of their physical and mental health by asking employees to share how their bike riding hobby helps them to be better in and outside of the workplace.

In India, we hold regular webinars with employees. Recent sessions have included discussions with mental health experts and advice on sleep and positive thinking. We also share regular mailers covering topics such as managing anxiety and stress to help our employees achieve better overall wellbeing.

In Mexico, we hosted a health fair for employees at our site in Juarez, where employees were offered hypertension evaluations, blood glucose level check-ups, and resources to promote positive health.

Navigating the COVID-19 Pandemic

In 2021, we continued to evolve our approach to protect the health and safety of our employees, visitors, and customers amidst the ongoing COVID-19 pandemic. We took numerous actions including:

- Continuing to work from home when possible, and suspending most business travel and in-person meetings.
- · Enhancing employee benefits.
- Making available personal protective equipment such as face coverings, gloves, hand sanitizer, and handheld scanning devices.
- Offering daily symptom self-assessments and COVID-19 testing.
- Implementing policies requiring face coverings and physical distancing.
- Installing thermal scanners at our manufacturing sites, as well as floor demarcations and plastic shields in our ADI Global Distribution branches and on manufacturing lines.
- · Enhancing cleaning protocols.
- Tracking exposure and positive cases.
- Leasing additional vans in locations where we provide transportation for employees to permit distancing.
- Holding weekly internal and external audits of select sites.
- Utilizing curbside and contactless pick-up across many ADI locations.

To address the challenges associated with the transition to working from home, we also offered resilience trainings designed to support employees and help them cope with change. Course topics included how to succeed in remote work, building tolerance for stress, and keys to remote accountability.

For details on our approach to employee safety and our EHS policies, please see <u>the Trust section</u>.

Supporting Our Employees Around the Globe

India

During the COVID-19 spike in India, we reacted urgently to support our employees by covering the cost of the COVID-19 vaccine for all employees and their spouses, offering a temporary paid family leave program to ensure employees could take care of sick loved ones, sponsoring vaccine clinics, and implementing a telehealth option so employees could receive medical care from the safety of their homes. Additionally, in response to the oxygen shortage, we procured oxygen concentrators that were made available to our India employees and their families.

Mexico

In 2021, we extended our COVID-19 medical insurance for many of our employees to provide full coverage in the case that they or their direct relatives became infected with COVID-19. Over 1,300 employees benefited from this extended coverage. We also provided transportation for almost 2,000 employees to receive the COVID-19 vaccine.

Employees of Action

In 2021, Resideo donated \$100,000 to Direct Relief, a humanitarian aid organization committed to improving the health and lives of people affected by poverty or emergencies. We made the donation after thousands of employees participated in Resideo's "Employees of Action Campaign" — an initiative to donate \$25 to Direct Relief for each employee who shared on social media why they got the COVID-19 vaccine or self-disclosed to Resideo that they had received the vaccine.

Learning and Development

We are proud to offer a wide variety of opportunities for our employees to continuously develop their skillsets. All Resideo employees have access to Career Navigator, a self-service tool that helps them review career paths, develop a plan for advancement, and access resources to reach their goals. In 2021, we had more than 400 employees participate in our formal mentoring program where they learned from top professionals, expanded their networks, gained exposure to extensive resources for career development, and improved essential workplace skills.

We recognize the important role that people managers play in creating high-performing teams. New and existing people managers at Resideo are required to complete a People Manager Certification each year, where they are trained on the skills required to be a successful manager and receive a toolkit to put their learnings into action. Managers are also invited to quarterly calls that cover topics that are relevant to continue building skills in managing our global workforce, including building diverse, equitable, and inclusive teams and how to effectively return to the office.

$100\%^{of managers \ completed \ all \ modules}_{in \ FY21}$

In 2021, managers performed quarterly "Pulse" check-ins with their team members, where they provided two pieces each of positive and constructive feedback. This 2+2 model ensures that employees receive more real time and action-oriented feedback to help them grow and develop within Resideo.

We also encourage employees to take responsibility for their own development. We provide an extensive learning library to ensure our people have what they need to succeed, personally and professionally.

Empowering HR Leaders

Each year Resideo selects several recent graduates to participate in a five-year rotational program focused on building Human Resources Leaders. During this program, participants are exposed to senior leadership and different parts of the business to gain cross-functional and leadership skills that provide them with a more holistic understanding of Resideo.

"The Compass program has contributed greatly to my growth and development as a professional and has served as a solid foundation from which I can continue to hone my skills. Participating in rotations exposed me to different areas within my field, provided me with practical experiences, and helped me pinpoint my areas of interest. The projects I have participated in as part of this program have allowed me to gain insights into current HR initiatives within the organization and provide valuable contributions that not only impacted HR but were felt companywide. I have nothing but amazing things to say about Compass and I appreciate the importance that our HR leadership has placed on this program to ensure that we get such a meaningful experience."



Krystin Foster Current Program Participant

Interns at Resideo

We have reimagined our early career development programs amidst the COVID-19 pandemic and a hybrid workforce. In 2021, we continued our summer internship program, enabling participants to learn skills on the job, participate in trainings, and gain exposure to senior leadership.



Diversity, Equity, and Inclusion (DEI)

At Resideo, we aspire to be a company where employees are empowered to bring their whole authentic selves to work each day. We strive to advance this mission by actively reaching out to people of diverse backgrounds and experiences to join our teams and nurturing an inclusive culture.

In 2021, we focused on further integrating DEI into our business and expanding our commitment to DEI by investing in a new leader, Vice President, Diversity, Equity, and Inclusion.

We recognize the importance of increasing representation across our company and encourage our hiring managers and recruiters to build a network of diverse talent. We post open roles across a wide range of job boards and have put systems in place to ensure that unconscious bias is mitigated in job descriptions and the hiring process. We also partner with industry organizations, such as Society of Women Engineers, Be a Hero – Hire a Hero, National Society of Black Engineers, and the Leadership Council on Legal Diversity to train, hire, and empower talent with diverse backgrounds and experiences.

Employee Resource Groups (ERGs)

Our ERGs are an important part of our culture and DEI strategy. Approximately 700 employees from all over the world participate in at least one ERG at Resideo. ERGs meet regularly with Executive Leaders to discuss ideas for improving our culture of inclusion. These discussions have led to improved efforts to recruit more diverse talent through new partnerships with diverse organizations, among other efforts. Our ERGs host monthly meetings and several special events throughout the year to drive engagement, keep the conversation going, and create a sense of community within each group.



Resideo Currently Supports Six ERGs

disAbilities@Resideo focuses on ABILITY and learning, accepting, growing, and embracing who and how we are. This community provides opportunities to understand others that have visible and non-visible disabilities and help each other become ambassadors for the opportunities that Resideo has to offer people with disabilities.

BLACK

Black@Resideo promotes systematic equality and diversity in our global workforce, providing a space where Black employees can support one another and feel included on their teams and within the entire organization.

LATINOS

Latinos@Resideo offers a unique space for employees to promote and learn about Latin culture in a fun and dynamic way. This community encourages members to share relevant content about the Latin community, personal experiences, and interesting facts about Latino culture to inspire, connect, and collaborate.

PRIDE

PRIDE@Resideo champions networking, diversity, community involvement, and professional development as we contribute to the success of Resideo in the global market by leveraging our identities to create a mutually beneficial relationship between the company and our customers.

VETERANS

Veterans@Resideo fosters a military/veteran-friendly environment by providing an open forum where veterans can help one another through mentoring, offering resources, supporting military families, and recruiting candidates.

Women@Resideo represents females in our industry, helps inspire others to achieve greatness, and is committed to promoting company-wide gender parity by providing its members with a professional support network while exploring initiatives to hire, develop, and retain diverse talent. This community delivers initiatives that help Resideo and our industry achieve gender balance at all levels.

Employee Spotlights Across our ERGs

Our ERGs are led by employees, for employees, and are supported by executive champions. We are grateful to our ERG leaders for going above and beyond to help drive company culture and community.



Women@Resideo Employee Spotlight: Helen Meza

Helen Meza is a Systems Test Lead Engineer at Resideo who is passionate about celebrating and supporting women. She credits Women@Resideo for being a forum that has allowed her to connect with others, engage with leadership, and seek and give advice about navigating the workplace as a female professional. Helen serves as a mentor to others and encourages those around her to be ambitious in their careers, make a concrete and detailed plan for what they want to achieve, and share it with others to find support, overcome hurdles, and establish a clear path to move forward.



Black@Resideo Employee Spotlight: Daryl Sowell

Daryl Sowell is an Information Technology Support Manager at Resideo and one of three co-leads of Black@Resideo. Daryl and his team are dedicated to building systematic DEI at Resideo and ensuring that it is integrated throughout the organization, from talent acquisition and management to marketing and product development. Daryl is proud of how Black@Resideo has been a catalyst for progress, helping drive towards a more inclusive culture.

In 2021, Daryl and his team hosted chats with Black employees, co-hosted a Juneteenth celebration with ADI, and contributed to Resideo's Town Halls. Daryl believes there is a role for everyone to play in driving more diversity and inclusion and advises his colleagues to be part of the movement for change.

Our ERG Impact

As our newest ERG, **disAbilities** has seen membership soar over the past year. In 2021 the ERG held an event for World Mental Health Day where a mindfulness coach taught members daily activities and practices to navigate stress.

Black@Resideo has taken a creative approach to member engagement and development. Activities include bringing in inspirational speakers to hosting games like Wheel of Fortune that educate employees on Black culture. The ERG also hosts "Community Corners," where participants can discuss topics like music, spirituality, health, and environmentalism, among others. Latinos@Resideo hold regular LATINspire talks, which are inspirational conversations designed for the Latino workforce featuring internal and external guest speakers. The ERG holds holiday celebrations and Hispanic Heritage Month events. One of their most popular activities has been virtual cooking sessions, where members teach others how to make a new dish from a Latin American country.

PRIDE@Resideo holds regular coffee talks for employees to learn more about the LGBTQIA+ community. The ERG also traditionally holds celebrations during Pride month and brings in distinguished guest speakers who share more about LGBTQIA+ history and experiences. Veterans@Resideo arranged for American and POW flags to be placed at many of our locations across America. In November 2021, for Veteran's Day, the ERG brought in an external speaker to discuss how Veterans can leverage their unique experiences and skillsets as leaders in the workplace.

As our largest ERG, with more than 400 members worldwide, **Women@Resideo** traditionally hosts an International Women's Day event, develops blog reviews on relevant topics to women and business, and brings in external panelists for the benefit of their members. The ERG also hosts internal fireside chats on topics such as how to promote yourself through personal branding, and how to ask for a professional sponsor. In 2021, the ERG partnered with the Society of Women Engineers to further Resideo's commitment to advancing our DEI initiatives.



Impact

Improving the future of organizations, partners, and individuals through positive impact in our community

At Resideo, we care deeply about the long-lasting positive impact we make on each other, our customers, and our communities. "Make a Difference" is one of our core values and serves as a guiding principle for business and our philanthropic efforts.

In 2021, our approach to philanthropy centered around our belief that all people should feel safe and have access to food, housing, and opportunities to create better futures for themselves and their families. We continued our support for Habitat for Humanity and Mission 500 through multi-year commitments, and initiated partnerships with academic institutions to make training opportunities more accessible for more people. We also supported our communities during the COVID-19 pandemic through donations to Direct Relief and provided our employees and families in India and Mexico with more robust health insurance and access to vaccines.

More detail on these efforts can be found in <u>the Commit section</u> of the report.

Going into 2022, we are excited to engage more employees and to broaden our impact in our communities.

Engaging Employees

Our employees are our greatest assets when it comes to making a difference in our communities and we are committed to investing in their ability to give back. We encourage our employees to participate in grassroots efforts and initiatives that will drive continuous improvement in our communities and in the world. Despite the ongoing impact of COVID-19 in 2021, we saw a tremendous effort by our employees to continue to make a difference. From creating gift bags for children in hospitals to hosting food drives, our employees gave their time and money to support others in meaningful ways.

Recognizing ADI Employees' Impact in Our Communities

Each year, ADI employees are nominated by their peers for a chance to receive a Community Impact Award and to be recognized for their outstanding service to their communities. In 2021, Ken Hensley received the award for his involvement with the Boy Scouts of America, West Milford Elks Association, and Freemasons and his consistent dedication to improving the lives of people in his community. Ken advises others that they should get involved and that there is always a place for those who want to give back.

Our 2021 Philanthropic Focus Areas

Training

Safety

Housing

Hunger



Celebrating Our Employees Who Make a Difference

Employees across ADI offices led community initiatives, including:

- Hosting toy drives across our North America offices to help spread cheer during the holiday season.
- Supporting initiatives driven by local nonprofit organizations, community centers, women's shelters, food banks, and homeless shelters.
- Partnering with Splashes of Hope to create gift bags for children in hospitals.
- Packaging more than 8,700 meals at a local food bank in Dallas.
- Participating in Toronto's largest beach volleyball tournament to raise funds to fight childhood cancer.

Employees across P&S led community initiatives, including:

- Donating blankets to the city's Children's Hospital of Specialties and La Casa del Migrante.
- Delivering electronic tablets, backpacks, and other school supplies to over 650 children of employees at our manufacturing sites in Chihuahua, Ciudad Juarez, and Tijuana, Mexico.
- Presenting at a STEM Career Day hosted by Minneapolis Community and Technical College.



Training

Resideo is committed to supporting the future workforce development needs of our customers and partners in our industries across our businesses and geographies.

ADI remains focused on leading the industry in education and offers numerous training opportunities to customers through the ADI Expo training series, branch and counter days, an online webinar series, and an on-demand ADI Academy training platform. Whether in person or online, dealers can take advantage of these opportunities to learn about the latest technologies, enhance their business skills, and earn Continuing Education Units (CEUs).

In 2021, P&S established a global training organization to provide strategic support and training for existing and future HVAC, plumbing, and security professionals as well as our distributors, dealers, and OEMs through the Resideo Academy program. Through Resideo Academy, we provide quality online and hands-on training designed to upskill tradespeople and build excitement for the role they play in creating healthy, safe, and comfortable homes.

A founding principle of our Resideo Academy program was to build valued partnerships with academic and training institutions in the

communities where we operate to seed the next generation of skilled professionals. Through our partnership with Minneapolis Community and Technical College, we donated \$25,000 (matched by the State of Minnesota) to the Workforce Development Fund to increase access and affordability to the program. The Resideo Academy team has also equipped student labs with our smart thermostat and indoor air quality equipment, and continues to partner with faculty on curriculum development, as well support STEM events with local middle and high schools. We are continuing to expand this model, most recently with SMB College Group in the UK. Similarly, ADI continued a 5+ year partnership with the Texas A&M Industrial Distribution Program, sponsoring a year-long project on industrial distribution for two students in the Dwight College of Engineering.

Resideo announced a strategic collaboration with the Building Talent Foundation (BTF) to advance education, training, and career progression of young people and people from underrepresented groups as skilled technical workers and business owners in residential construction. Founding BTF partners include KB homes, DR Horton, Meritage Homes, and Pulte Homes. Through our partnership, the Resideo Academy Program Team can expand our reach through BTF Education Partners in major cities across the U.S. One of the main initiatives from the first year of the Resideo-BTF partnership was the formation of the HVAC Industry Council. This program brought together key stakeholders in the industry, manufacturers, educational organizations, and employers with a goal of better aligning training content with industry trends and enhancing industry educational collaboration. As the Council's recommendations are distributed, tens of thousands of students across the country will be impacted through more effective training, which in turn will benefit employers and ultimately homeowners.

In 2021, we also partnered with Band of Builders, a UK-based non-profit that supports the physical and mental wellbeing of tradespeople. As their official partner, we have organized events across the UK including marathons and charity football matches.

Safety

As part of our commitment to improving the safety and security of our communities, Resideo supports organizations and efforts that address some of society's most critical needs. This includes Mission 500, a security industry nonprofit that serves the needs of children and communities in crisis across the U.S. Resideo's ADI Global Distribution business raised more than \$200,000 (and \$93K in 2021 alone) for Mission 500 over the past three years. ADI was a recipient of the Mission 500 "Corporate Social Responsibility and Humanitarian Award" for these efforts. Additionally, Resideo supports many community initiatives hosted by the nonprofit and has employee representation on Mission 500's Advisory Board, helping to shape the strategy and direction for the organization.

"I am proud to see Resideo support Mission 500 with its financial resources but also to enable its employees to volunteer our time to support an organization that is having a real impact. Resideo's investment in Mission 500 is not only helping drive a culture of CSR within the security dealer community but it is also changing the lives of young people in the Americas. Mission 500 just completed assembling 1,200 backpacks with Resideo and ADI donations, and school superintendents tell us they see a dramatic reduction in truancy after a child receives a school supply backpack."

Jason Lutz Resideo Distribution Sales and Industry Affairs Leader; Mission 500 Executive Board Member and Treasurer

Upskilling through Partnership

To date, BTF has placed 436 qualified candidates with employers. Notably, people of color represent 78.9% of placements, while the national average is 30.6%. Women comprise 5.7% of the placements, with the national average at 3.1%.

"As BTF works to address the persistent labor shortage across skilled trades, Resideo's support will help us accelerate our expansion to new markets and will impact thousands of lives."

Branka Minic CEO of Building Talent Foundation

Branka Minic, CEO of Building Talent Foundation on the CONNECT 2021 stage.



Celebrating our Customers

In December 2021, we brought security and HVAC customers together for our 32nd annual CONNECT event. This four-day event provides opportunities for training and community service and to celebrate achievements.

ADI is also committed to the safety and security of our communities. The company hosted a panel of industry experts to discuss the needs, technologies, and best practices for school and campus health and safety. The panel addressed questions about how to approach education installs and shared insights about the impact of COVID-19 and issues critical to school administrators, tools for campus safety, and the effect of distance learning on technology demands.

Housing

At Resideo, we believe that every person has the right to a decent place to live. Having a safe place to call home provides families with opportunities to live better, healthier, and more stable lives. While we work to make smart home products and services more accessible, we also recognize the very real need to invest in making homes more accessible in the communities where we operate.

In 2021, we initiated a commitment to Habitat for Humanity, which will include a \$500,000 cash and in-kind donation to help families build and improve places to call home. This investment was used to launch a cause marketing campaign and will enable Resideo to donate products such as water leak detectors and security systems for specific home projects. We have identified about 25 communities around the world where Habitat for Humanity operates with a sizable employee population. This partnership allows us to provide critical support to the elderly and other communities in need.

Hunger

In 2021 Resideo partnered with organizations committed to helping alleviate hunger in our communities. This included Feeding America and the North Texas Food Bank in the U.S., Trussell Trust in the UK, and Feed Nova Scotia in Canada. Resideo also donated more than 1,500 baskets of food and disinfection items to more than 20 community support institutions in Mexico.



First Alert's Commitment to Giving Back

First Alert has a long history of community involvement, addressing many of the same focus areas as the broader Resideo team, including safety and training. Some highlights include:

Community Fire Departments Nationwide

For years First Alert has worked with fire departments large and small to provide product donations, educational materials, and support for national Community Risk Reduction (CRR) initiatives. We work with public information officers and other CRR leaders in these departments following major fire or carbon monoxide poisoning incidents, for example, and have launched initiatives aimed at educating respective constituents about new smoke and carbon monoxide alarm laws.

National Volunteer Fire Council (NVFC)

First Alert has been a dedicated corporate sponsor of this advocacy organization for more than 15 years. Recent work has included development of training materials (for smoke alarms, carbon monoxide alarms, and fire extinguishers) for the Council's online classroom. Together we share valuable information about fire safety products with volunteer firefighters across the country, and we support their local outreach efforts through product donations and educational materials. Notably, several representatives from the NVFC have participated in First Alert Brand Ambassador videos to educate consumers about fire and carbon monoxide safety.

Chicago Bulls & Inner City Fire Safety Education

First Alert and the Chicago Bulls have a long-standing partnership that impacts communities all throughout the Chicagoland area and beyond. Through our annual "Take Charge of Safety" community events, we collaborate with the Bulls and the Chicago Fire Department to host school events and provide fire safety education to elementary students. At these action-packed events, all students are provided with an educational fire safety kit that includes a smoke or carbon monoxide alarm to install with their family to help make their communities safer.

Campus Firewatch

Fire safety education is provided to college students in the community thanks to First Alert, the Michael H. Minger Foundation, and Campus Firewatch. Through the innovative "Town/Gown Community Service Project" created by First Alert, college students partner with local fire officials to learn fire safety while improving the fire safety of the community at large. Applicants from colleges and/or fire departments apply for product grants to perform various CRR initiatives, helping build important community bonds and reduce the fire and carbon monoxide poisoning risk of vulnerable communities.



Trust

Driving a foundation of trust in the market through fair and ethical governance

Resideo's commitment to governance is integral to our business and reflects not only regulatory requirements, NYSE listing standards, and broadly recognized governance practices, but also effective leadership by our senior management team and oversight by our Board. Our corporate governance framework is a set of principles, guidelines, and practices that supports strong performance and long-term value creation for our shareholders.

2021 Board of Directors

Setting the tone for the company from the top, our Board of Directors is committed to maintaining the highest standards of corporate governance. Our Board of Directors consists of ten Directors, with annual evaluations, annual board elections, and an annual review of key Committee charters and Corporate Governance Guidelines. The Nominating and Governance Committee actively considers diversity when evaluating new candidates. As noted in the Nominating and Governance board committee charter, diversity encompasses several categories, including experience, skills, gender, ethnicity, race, nationality, and age. Three of our 10 Board members are women and one of our Board members is racially/ethnically diverse.

Our Directors bring a variety of qualifications, skills, and viewpoints that both strengthen their ability to carry out their oversight responsibilities on behalf of our shareholders and bring richness to Board deliberations. An overview of our Board is below, and is further detailed in our <u>2021</u> <u>Annual Report and 2022 Proxy</u>.



Director Dashboard¹³

¹³ The Director Dashboard data is as of April 2022, as prepared for Resideo's <u>2021 Annual Report and 2022 Proxy</u>.

We are committed to strong corporate governance practices and policies, that support effective Board leadership and prudent management practices, including:

- · Majority voting for directors in uncontested elections
- A Lead Independent Director with specified duties and responsibilities
- · Robust risk oversight by full Board and Committees
- Independent Audit, Compensation and Human Capital Management, and Nominating and Governance Committees
- A Finance Committee that reviews and oversees Resideo's capital structure and opportunities for maximizing shareholder value
- An Innovation and Technology Committee that oversees Resideo's overall strategic direction and investment in technology initiatives
- Rigorous risk oversight of cybersecurity programs by the Audit and Innovation and Technology Committees

- A proposed annual advisory vote to approve executive compensation
- · Meaningful stock ownership guidelines for directors and executives
- Adoption of proxy access
- · Limits on memberships on other boards
- A Board that is actively engaged in recruiting qualified, diverse director candidates
- · A commitment to health, safety, and environmental sustainability
- Policies prohibiting short sales, hedging, margin accounts, and pledging
- The right for shareholders holding at least 25 percent of the outstanding stock of the Company to call a special meeting

Ethics and Compliance

As trust is a central tenet of our business, ethics and compliance are of the utmost importance to Resideo. Our Code of Business Conduct, which applies to our directors, officers, and employees, sets the standards for ensuring that we operate ethically and in compliance with all laws. Two Board committees are integral to oversight of our Integrity and Compliance function. The Audit Committee regularly reviews the effectiveness of our Integrity and Compliance program and monitors complaint reporting and investigations. The Committee adopted escalation protocols to ensure immediate oversight of action on key concerns. The Nominating and Governance Committee provides oversight of the Company's policies related to our Code. All Directors and professional level employees are required to attest annually to their compliance with the Code.

Our leadership, supported by the Integrity and Compliance Team, works to create an environment that encourages employees to speak up and voice their questions and concerns. The Company provides several mechanisms for employees and third parties to report concerns (including anonymously), enforces a strict non-retaliation policy, and ensures prompt, thorough, and objective investigations.

All employees are required to complete "Integrity and Compliance at Resideo", and anti-harassment/anti-discrimination training, available in over 15 languages. The Company provides comprehensive training to professional-level employees on additional key compliance topics, including antitrust and competition law, anti-bribery and anti-corruption, data privacy and security, and conflicts of interest.

Commitment to Human Rights

Resideo is committed to the protection of human rights for all throughout the value chain, and we believe all individuals should be treated with dignity and respect. We have developed a number of policies and practices to ensure that we maintain this commitment with our partners and in all places where we operate.

Supplier Code of Conduct

Our Supplier Code of Conduct emphasizes fair treatment, prohibits involuntary labor, human trafficking, and child labor, and requires payment of at least minimum wage and overtime as required by applicable laws and regulations.

Forced Labor and Human Trafficking

At Resideo, we have zero tolerance for slavery and human trafficking, and we seek to ensure that our employees, agents, and suppliers do not engage in any of these activities. We prohibit any Resideo employee, agent, and supplier to engage in any human trafficking or forced labor; to engage in any activity that would aid these practices, such as but not limited to: destroying, concealing, or confiscating any employee's identity or immigration documents, misrepresenting important information regarding employment during the recruiting process, and charging employees recruitment fees.

Anti-harassment

At Resideo, no form of unlawful harassment will be tolerated. This includes harassment or discrimination against any employee or applicant based on any characteristic protected by law, including but not limited to a person's race, color, gender, religion, national origin, age, marital status, citizenship status, political belief, disability, pregnancy, military service, veteran status, sexual orientation, gender identity, genetic information, or medical condition. Further, harassment by suppliers, subcontractors, or other persons while on Resideo property or at Resideo events is not tolerated.

Work Hours and Wages

Resideo follows all applicable laws and regulations related to employment conditions and wages. Resideo pays all workers at least the minimum wage established by local laws and regulations and provides the required benefits under the law. Resideo also follows local law regarding compensation for overtime work.

Environmental, Health, and Safety (EHS) Management

We are committed to implementing programs that ensure the safety and wellbeing of our people and protect the environment. We have developed an EHS Management System aligned with ISO 14001 and ISO 45001 standards. We currently have several of our manufacturing locations certified to these standards with a plan to have all our manufacturing sites ISO 14001 certified by the end of 2023. Resideo has published a <u>Health Safety and Environmental Sustainability Policy</u> which provides clarity on our commitment to ensuring compliance with regulatory requirements at global, national, state, and local levels while striving to deliver continuous improvement across our EHS programs.

Under our EHS Management System we implement preventative safety measures across all levels of the organization, deliver role and location specific EHS training, conduct detailed risk assessments of our processes, and implement control measures to mitigate identified risks. Our policies and procedures are developed in alignment with the most recent guidance from regulatory bodies such as the U.S. Occupational Safety and Health Administration (OSHA) and globally recognized standards organizations such as ISO. We have developed specific EHS targets enabling us to measure, manage, and communicate our EHS performance with EHS elements incorporated into our operating and management reviews at all levels of the organization. With these measures in place, we are proud to report that we have had zero reportable spills since the spinoff from Honeywell.

Supply Chain and Procurement

With an extensive network of suppliers across the globe, Resideo is committed to ensuring responsible procurement practices and helping mitigate potential risks. Depending on factors such as geography, spend, and parts supplied, we may conduct both initial and ongoing supplier audits. As noted above, our Supplier Code of Conduct imposes requirements similar to our own Code of Business Conduct on our vendors, including with respect to conflict minerals laws. Our <u>Health Safety and Environmental Sustainability Policy</u> also takes into consideration our suppliers and materials.

In 2021, we engaged in a process to better measure the sustainability impact of our supply chain and add capacity to our Supplier Quality Team, given the changing nature of our supply chain. In addition to our continued partnership with Assent, a supply chain sustainability management solution, we assessed a number of platforms and solutions to get a more holistic view of our suppliers' ESG commitments and environmental footprint. We plan to introduce additional tools and processes in 2022 and beyond to better understand and measure our suppliers' sustainability efforts going forward.

Approach to Product Quality and Safety

Resideo is a strong proponent of continual improvement. We ensure that we are compliant with product safety regulations where we operate, and we maintain a commitment to quality and safety throughout the product life cycle.

Our manufacturing locations are compliant with ISO 9001:2015, and seven out of 13 manufacturing sites are now ISO-14001 certified or compliant.

Resideo emphasizes quality that translates into a continued commitment to improving products, processes, and services to satisfy our customers and to increase our stakeholders' values. We are working on a revised quality assurance policy to drive end-to-end quality excellence across the value chain to create best in class quality processes and a continuous improvement culture, with the vision to achieve zero defects and to be our customer's number one choice. We aim to achieve this vision by focusing on customer satisfaction, product quality, people excellence, and operating excellence as our key performance indicators.

Data Privacy and Cybersecurity

Resideo takes the privacy of our end users and the security of their personal data very seriously. As a global business, we are subject to a number of stringent laws that regulate in detail how we can use personal data, when we can share it, and what we need to do to protect it.

At the heart of Resideo's privacy compliance sits the Data Governance Council. This Council's mandate is to ensure that each function is aligned and understands its privacy obligations. Our Chief Data Officer, together with our Group Data Protection Officer, supports the Council and advises on best practices in data management and privacy compliance.

A core component of ensuring ongoing compliance is Resideo's central privacy compliance process. This process must be completed before a new product launches and whenever there are major changes to how products work, such as when new features are added. This ensures that all activities involving personal data are appropriately reviewed and documented and that, where necessary, formal privacy impact assessments are carried out with the involvement of the Data Protection Officer. We also laid the foundation for the creation of a Chief Data Officer in 2021.

To ensure compliance with applicable privacy and data protection laws, Resideo provides data privacy and security training to all its employees who handle personal data. This training is supplemented with further materials depending on role and topic. One example of a cybersecurity training is our phishing sensibilization program. Here, mock phishing emails are sent out to sensitize employees to the threat with further guidance provided via specific anti-phishing training.

Additional details about our approach to data privacy and cyber security in our products are included in <u>the Innovate section</u>.

Data Disclosures

Data Disclosures

Social (Commit, Impact)

КРІ	2021		
Global workforce	13,300		
Countries where Resideo operates	32		
Gender representation	44.9% women, 55.10% men		
	Management ¹⁴ : 22.5% women, 77.5% men		
Gender representation by job level	Professional ¹⁵ : 28.8% women, 71.2% men		
	Ops16/Support17: 54.0% women, 46.0% men		
U.S. workforce			
Gender representation	26.9% women, 73.1% men		
	Management: 24.4% women, 75.6% men		
Gender representation by job level	Professional: 29.5% women, 70.5% men		
	Ops/Support: 26.1% women, 73.9% men		
Racial/ethnic representation	64.3% white, 35.7% other racial/ethnic backgrounds		
	Management: 80% white, 20% other racial/ethnic background		
Racial/ethnic representation by job level	Professional: 74% white, 26% other racial/ethnic background		
	Support/Ops: 54% white, 46% other racial/ethnic background		

Governance (Trust)

КРІ	2021
Percentage of board that is independent	80%
Percentage of board that is gender or racially/ethnically diverse	40%
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	\$0
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	\$0

¹⁴ Management: High-level contributors or team managers focused on a specialized area in tactical and operational activities. Typically have direct reports. Oversee, plan, prioritize, and direct responsibilities of others.

¹⁵ Professional: Individual contributors or team leads who design, implement, and deliver processes using specialized knowledge. May direct work to other lower-level professionals or manage processes/programs.

¹⁶ Operations: Individual contributors who work in a "hands on" environment in support of daily business activities and operations. Generally, this is Resideo's Direct Labor group in our production facilities.

¹⁷ Support: Individual contributors who provide organizational related support or service (administrative/clerical) typically under supervision.

SASB Data Table

Our inaugural ESG report includes certain metrics calculated guided by the Sustainability Accounting Standards Board (SASB) standards. We will continue to evaluate ESG disclosure frameworks and consider peer reporting in connection with our future ESG reports. We are also making investments in measurement tools and processes, and aspire to increase our ESG reporting and disclosures.

Торіс	Metric	Type/Unit	Disclosure	REZI 2021 Response
Energy Management	 (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable 	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1 (SASB); CG-MR-130a.1 (SASB); GRI 301-1	Resideo is updating our measurement systems and will be prepared to report on energy management in the coming years.
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Metric tons (t), Percentage (%)	RT-EE-150a.1	Resideo is updating our measurement systems and will be prepared to report on hazardous waste management in the coming years.
	Number and aggregate quantity of reportable spills, quantity recovered	Number, Kilograms (kg)	RT-EE-150a.2	We have had zero reportable spills since the spinoff from Honeywell. 2021 ESG Report: Environmental, Health and Safety Management, p. 36.
Product Safety	Number of recalls issued, total units recalled	Number	RT-EE-250a.1	Based on SASB's assessment test, we have determined this is not material. For more information on this topic, please see 2021 ESG Report: Supply Chain and Procurement, p. 36.
	Total amount of monetary losses as a result of legal proceedings associated with product safety	Reporting currency	RT-EE-250a.2	Based on SASB's assessment test, we have determined this is not material. For more information on this topic, please see 2021 ESG Report: Supply Chain and. Procurement, p. 36.
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Percentage (%) by revenue	RT-EE-410a.1	Resideo does not disclose this information.
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	Percentage (%) by revenue	RT-EE-410a.2	Resideo is updating our measurement systems and will be prepared to report on this metric in the near future.
	Revenue from renewable energy-related and energy efficiency-related products	Reporting currency	RT-EE-410a.3	Resideo is updating our measurement systems and will be prepared to report on this metric in the near future.

Торіс	Metric	Type/Unit	Disclosure	REZI 2021 Response
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	RT-EE-440a.1	2021 ESG Report: Environmental, Health, and Safety Management, p. 36; 2021 ESG Report; Supply Chain and Procurement, p. 36.
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	RT-EE-510a.1	2021 ESG Report: Ethics and Compliance, p. 35; 2021 ESG Report: Commitment to Human Rights, p. 36.
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	RT-EE-510a.2	SEC Filings: Information on legal proceedings is disclosed in our 2021 Annual Report on Form 10-K and in our 2021 Quarterly Reports on Form 10-Q.
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Reporting currency	RT-EE-510a.3	SEC Filings: Information on legal proceedings is disclosed in our 2021 Annual Report on Form 10-K and in our 2021 Quarterly Reports on Form 10-Q.
Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Percentage (%)	CG-MR-330a.1	<u>Data disclosure, 2021 ESG Report:</u> Social Data, p. 39.
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Reporting currency	CG-MR-330a.2	SEC Filings: Information on legal proceedings is disclosed in our 2021 Annual Report on Form 10-K and in our 2021 Quarterly Reports on Form 10-Q.
N/A	Number of employees	Number	RT-EE-000.B	13,300