

HONEYWELL INTERNATIONAL INC  
Form DEF 14A  
March 09, 2017

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(Rule 14a-101)**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.     )

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to §240.14a-12

**Honeywell International Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.

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4) Date Filed:

**2017 PROXY STATEMENT  
AND NOTICE OF ANNUAL MEETING OF SHAREOWNERS**

Honeywell is building a smarter, safer,  
and more sustainable world

THAT'S THE POWER OF **CONNECTED**

THAT'S THE POWER OF **HONEYWELL**

Connected Aircraft • Connected Automobiles

Connected Homes • Connected Buildings

Connected Plant • Connected Supply Chain

Connected Worker

March 9, 2017

To Our Shareowners:

You are cordially invited to attend the Annual Meeting of Shareowners of Honeywell, which will be held at 10:30 a.m. on Monday, April 24, 2017 at our headquarters, 115 Tabor Road, Morris Plains, New Jersey 07950.

The accompanying notice of meeting and proxy statement describe the matters to be voted on at the meeting. At this year's meeting, you will be asked to elect directors, cast advisory votes on executive compensation and the frequency of future advisory votes on executive compensation, approve the appointment of the independent accountants, and consider two shareowner proposals.

**The Board of Directors recommends that you vote FOR Proposals 1, 3 and 4 and "1 Year" for Proposal 2:**

Proposal 1: Election of Directors

Proposal 2: Advisory Vote on the Frequency of Future Advisory Votes To Approve Executive Compensation

Proposal 3: Advisory Vote To Approve Executive Compensation

Proposal 4: Approval of Independent Accountants

**The Board of Directors recommends that you vote AGAINST each of the following shareowner proposals:**

Proposal 5: Independent Board Chairman

Proposal 6: Political Lobbying and Contributions

YOUR VOTE IS IMPORTANT. We encourage you to read the proxy statement and vote your shares as soon as possible. Shareowners may vote via the Internet, by telephone, by completing and returning a proxy card or by scanning the QR code provided on the next page in the Notice of Annual Meeting of Shareowners or on the proxy card. Specific voting instructions are set forth in the proxy statement and on both the Notice of Internet Availability of Proxy Materials and proxy card.

On behalf of the Board of Directors, we want to thank you for your continued support of Honeywell.

Sincerely,

**David M. Cote**

*Chairman and Chief Executive Officer*

**Darius Adamczyk**

*President and Chief Operating Officer*

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

**DATE** Monday, April 24, 2017

**TIME** 10:30 a.m. EDT

**LOCATION** Honeywell's Headquarters, 115 Tabor Road, Morris Plains, New Jersey

**RECORD DATE** Close of business on February 24, 2017

March 9, 2017

**Meeting Agenda:**

- Election of the 13 nominees listed in the accompanying proxy statement to the Board of Directors.
- An advisory vote on the frequency of future advisory votes to approve executive compensation.
- An advisory vote to approve executive compensation.
- Approval of the appointment of Deloitte & Touche LLP as independent accountants for 2017.
- If properly raised, two shareowner proposals described on pages 80-84 of the proxy statement.
- Transact any other business that may properly come before the meeting.

**Important Notice of Internet Availability of Proxy Materials**

The Securities and Exchange Commission's "Notice and Access" rule enables Honeywell to deliver a Notice of Internet Availability of Proxy Materials to shareowners in lieu of a paper copy of the proxy statement, related materials and the Company's Annual Report to Shareowners. It contains instructions on how to access our proxy statement and 2016 annual report and how to vote online.

**Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes.**

We encourage shareowners to vote promptly as this will save the expense of additional proxy solicitation. Shareowners of record on the Record Date are entitled to vote at the meeting or in the following ways:

<b>By Telephone</b>	<b>By Internet</b>	<b>By Mail</b>	<b>By Scanning</b>
In the U.S. or Canada, you can vote your shares by calling +1 (800) 690-6903.	You can vote your shares online at <a href="http://www.proxyvote.com">www.proxyvote.com</a> . You will need the 12-digit control number on the Notice of Internet Availability or proxy card.	You can vote by mail by marking, dating and signing your proxy card or voting instruction form and returning it in the postage-paid envelope.	You can vote your shares online by scanning the QR code above. You will need the 12-digit control number on the Notice of Internet Availability or proxy card. Additional software may need to be downloaded.

This Notice of Annual Meeting of Shareowners and related Proxy Materials are being distributed or made available to shareowners beginning on or about March 9, 2017.

By Order of the Board of Directors,

**Jeffrey N. Neuman**

*Vice President and Corporate Secretary*



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<i>Reconciliation of non-GAAP financial measures used in the Compensation Discussion and Analysis section and elsewhere in this proxy statement, other than as part of disclosure of target levels, can be found in the Appendix.</i>	

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PROXY SUMMARY

*This proxy summary is intended to provide a broad overview of the items that you will find elsewhere in this proxy statement. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics prior to voting.*

**ANNUAL MEETING OF SHAREOWNERS**

**TIME AND DATE** April 24, 2017, 10:30 a.m. EDT

**PLACE** Honeywell's Headquarters, 115 Tabor Road, Morris Plains, New Jersey

**RECORD DATE** Shareowners as of February 24, 2017 are entitled to vote.

**ADMISSION** Please follow the advance registration instructions on page 87.

**MEETING AGENDA AND VOTING MATTERS**

<b>Proposal</b>	<b>Board's Voting Recommendation</b>	<b>Page References (for more detail)</b>
<u>No. 1 Election of Directors</u>	FOR (each nominee)	p. 1-7
<u>No. 2 Advisory Vote on the Frequency of Future Advisory Votes To Approve Executive Compensation</u>	1 YEAR	p. 27
<u>No. 3 Advisory Vote To Approve Executive Compensation</u>	FOR	p. 27
<u>No. 4 Approval of Independent Accountants</u>	FOR	p. 79
<u>No. 5 Shareowner Proposal: Independent Board Chairman</u>	AGAINST	pp. 80-82
<u>No. 6 Shareowner Proposal: Political Lobbying and Contributions</u>	AGAINST	pp. 82-84

**2016 HIGHLIGHTS**



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Proxy Summary > 2016 Highlights

***LEADERSHIP***

**• Our Board Of Directors Successfully Executed A CEO Leadership Succession Plan:**

- Darius Adamczyk
- o Darius Adamczyk Was Named Honeywell's Next Chief Executive Officer Succeeding David Cote On March 31, 2017.
  - o David Cote Will Remain As Executive Chairman Until The 2018 Annual Meeting Of Shareowners.

***PORTFOLIO IMPROVEMENTS***

**• Deployed Over \$8B Of Capital For Acquisitions Since 2015**

- o Positions Us Well In Growing End Markets
- o Acquisitions Contributed ~\$0.20 To EPS in 2016

**• In 2016, Strengthened Our Business Portfolio Through A Divestiture And A Spin-Off**

- o Divested Honeywell Technology Solutions Inc. ("HTSI") Government Services Business; Reinvested ~\$175M Of Sales Proceeds
- o Spun Off Former Resins And Chemicals Business As AdvanSix Inc. Which Represented Shareowner Value Of ~\$800M

***CAPITAL DEPLOYMENT***

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**Proxy Summary** > Creating Value For Our Shareowners — TSR

**CREATING VALUE FOR OUR SHAREOWNERS — CUMULATIVE TOTAL SHAREOWNER RETURN (“TSR”)**

**CORPORATE GOVERNANCE SNAPSHOT**

**Best Practices**

Our Board of Directors oversees management performance on behalf of the shareowners to ensure that the long-term interests of the shareowners are being served, to monitor adherence to Honeywell standards and policies, and to promote the exercise of responsible corporate citizenship.

**GOVERNANCE HIGHLIGHTS**

- All directors are independent other than the CEO and COO.
  
- All Board Committees are independent.
  
- Annual election of directors.
  
- Majority voting in uncontested elections.

- Adopted proxy access By-law amendment.
  
- Chair of the Corporate Governance and Responsibility Committee or Lead Director can call special meetings of the Board at any time for any reason.
  
- Three Audit Committee members are designated “audit committee financial experts.”
  
- A diverse Board—23% are women, 23% are Hispanic, 15% are African American and 15% are non-U.S. citizens.
  
- Shareowner right to call a special meeting.
  
- Simple majority vote requirements to amend charter and approve mergers and acquisitions.
  
- No poison pill in place; Board will seek shareowner approval if a shareowner rights plan is adopted.
  
- Robust year-round shareowner engagement, including discussions between larger shareowners and directors.
  
- Regular executive sessions of independent directors.
  
- Risk oversight by full Board and Committees, including strengthened cybersecurity oversight by the Audit Committee and full Board.
  
- Strong commitment to corporate social responsibility and sustainability.
  
- No use of corporate funds for political contributions and careful oversight of political lobbying activities.



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**Proxy Summary** > Executive Compensation Snapshot

**Board Nominees' Skills, Qualifications, Tenure and Diversity**

Our Board nominees possess the right skills, qualifications and business expertise to provide sound judgment, insightful perspectives and guidance in a constantly changing environment. In addition, we believe that electing directors with a mix of tenures facilitates effective Board oversight. Careful consideration is made to achieve the appropriate balance. Directors with many years of service to Honeywell provide the Board with a deep knowledge of our Company, while newer directors lend fresh perspectives. Diversity in terms of gender, race and ethnicity is also important. While Honeywell's Corporate Governance Guidelines do not prescribe a diversity policy or standards, as a matter of practice, the Corporate Governance and Responsibility Committee is committed to enhancing both the diversity of the Board itself and the perspectives and values that are discussed in Board and Committee meetings. Our current Board composition reflects this approach and the Board's commitment to diversity.

**EXECUTIVE COMPENSATION SNAPSHOT**

**Shareowner Engagement on Compensation**

During our 2016 Summer/Fall shareowner outreach, we received positive feedback on our financial performance, our strong leadership team and the Board's approach to succession planning. In addition, our shareowners suggested several ways in which we could modify our compensation programs. We are making changes to our compensation program in response to shareowner feedback. These changes reflect our Board's recognition that there should be a more visible linkage of compensation to business results and performance. The following table summarizes the modifications we have made or intend to make and provides a timeline for how our compensation programs will evolve.



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**Proxy Summary** > Executive Compensation Snapshot

**SIGNIFICANT CHANGES TO EXECUTIVE COMPENSATION PLANS**

- **Replacing 2-Year Growth Plan with 3-Year Performance Plan**
- **80% of Annual Bonus Becomes Formulaic**
- **Shifting Weight from Stock Options to Performance Stock Units (“PSUs”)**

**Timeline for Implementation of Executive Compensation Changes**

	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Base Salary</b>	Base salaries are determined based on scope of responsibility, years of experience and individual performance.		
<b>Annual Incentive Compensation Program (“ICP”)</b>	Cash award; 80% based on formulaic determination against pre-established financial metrics. 20% based on assessment of individual performance. Prior year actual award as baseline (last year we will use this approach).	Cash award; 80% based on formulaic determination against pre-established financial metrics. 20% based on assessment of individual performance. Reset annual baseline award for the CEO and the whole leadership team to their annual target ICP as a percent of base pay.	

**Stock Options:**

**Long Term  
Incentive  
Compensation  
("LTI")**

**Stock Options:**

- CEO: 66% of LTI
- Other NEOs: 48% of LTI

**Stock Options:**

- Ramp down weighting

- CEO and whole leadership team: 25% of LTI

**Biennial Growth Plan Units:**

- CEO: 34% of LTI
- Other NEOs: 24% of LTI

**3-Year Performance Plan:**

- Stock-based PSUs
- Ramp up weighting
- Will include TSR and financial metrics

**3-Year Performance Plan:**

- CEO and whole leadership team: ~50% of LTI
- Stock-based PSUs
- Will include TSR and financial metrics

**Performance-based Restricted Stock Units:**

- CEO: None
- Other NEOs: 28% of LTI
- 3-Year Relative TSR

**Restricted Stock Units:**

- None

**Restricted Stock Units:**

- CEO and whole leadership team: 25% of LTI
- Time-based for Retention

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Proxy Summary &gt; Executive Compensation Snapshot

**2016 Total Annual Direct Compensation for Each Named Executive Officer (NEO)**

The following table reflects 2016 annualized compensation to the NEOs from the perspective of the Management Development and Compensation Committee (“MDCC”).

NEO	Position	Base Salary	Annual Bonus	Stock Options	Performance Restricted Stock Units <sup>(A)(C)</sup>	2016-2017 Growth Plan <sup>(B)(C)</sup>	Total Annual Direct Compensation <sup>(C)</sup>
David M. Cote	Chairman & CEO	\$1,890,000	\$5,700,000	\$9,348,000	\$0	\$4,750,000	\$21,688,000
Thomas A. Szlosek	Chief Financial Officer	\$840,000	\$850,000	\$2,337,000	\$1,337,500	\$1,250,000	\$6,614,500
Darius Adamczyk	Chief Operating Officer	\$1,120,383	\$1,450,000	\$3,896,000	\$1,671,875	\$2,000,000	\$10,138,258
Timothy O. Mahoney	Aerospace - President & CEO	\$917,019	\$850,000	\$2,726,500	\$2,006,250	\$1,250,000	\$7,749,769
Krishna Mikkilineni	SVP - Engineering, Ops and IT	\$717,678	\$725,000	\$2,181,200	\$1,471,250	\$1,000,000	\$6,095,128

(A) Performance restricted stock units with 100% of payout tied to Honeywell’s relative TSR against the Compensation Peer Group over three years. Vesting of shares under these awards occurs ratably in years three, five and seven for Messrs. Adamczyk, Szlosek and Mikkilineni and in years three and five for Mr. Mahoney. Values listed in this table reflect annualized value of biennial grant. See [page 54](#).

(B) Annualized target value of biennial Growth Plan award for the 2016-2017 performance cycle. Starting in 2017, Honeywell will transition to annual grants of Performance Plan stock units which have a three-year performance cycle. See [page 50](#).

(C) Reflects the MDCC’s view of the award value that should be attributed to 2016, which differs from the methodology required by the SEC for purposes of the Summary Compensation Table.

**See Compensation Discussion and Analysis beginning on [page 26](#) for more details on 2016 Executive Compensation.**

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**Proposal No. 1: Election of Directors** > Director Nominations — Skills and Criteria

PROXY STATEMENT

*This proxy statement is being provided to shareowners in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareowners of Honeywell International Inc. (“Honeywell” or the “Company”) to be held on Monday, April 24, 2017.*

PROPOSAL NO. 1: ELECTION OF DIRECTORS

Honeywell’s directors are elected at each Annual Meeting of Shareowners and hold office for one-year terms or until their successors are duly elected and qualified. Honeywell’s By-laws provide that in any uncontested election of directors (an election in which the number of nominees does not exceed the number of directors to be elected), any nominee who receives a greater number of votes cast “FOR” his or her election than votes cast “AGAINST” his or her election will be elected to the Board of Directors.

The Board has nominated 13 candidates for election as directors. If any nominee should become unavailable to serve prior to the Annual Meeting, the shares represented by a properly signed and returned proxy card or voted by telephone, via the Internet or by scanning the QR code will be voted for the election of such other person as may be designated by the Board. The Board may also determine to leave the vacancy temporarily unfilled or reduce the authorized number of directors in accordance with the By-laws.

Directors may serve until the Annual Meeting of Shareowners immediately following their 72nd birthday.

**DIRECTOR NOMINATIONS — SKILLS AND CRITERIA**

The Corporate Governance and Responsibility Committee (“CGRC”) is responsible for nominating a slate of director nominees who collectively have the complementary experience, qualifications, skills and attributes to guide the Company and function effectively as a Board. The CGRC believes that each of the nominees has key personal attributes that are important to an effective board: integrity, candor, analytical skills, the willingness to engage management and each other in a constructive and collaborative fashion, and the ability and commitment to devote significant time and energy to service on the Board and its Committees.

The following list highlights other key experiences, qualifications and skills of our director nominees that are relevant and important in light of Honeywell's businesses and structure.

**2017** | Proxy and Notice of Annual Meeting of Shareowners | **1**

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**Proposal No. 1: Election of Directors** > Director Nominations — Skills and Criteria

**DIRECTOR SKILLS AND QUALIFICATIONS CRITERIA**

**Senior Leadership Experience**

Experience serving as CEO or a senior executive provides a practical understanding of how complex organizations like Honeywell function and hands-on leadership experience in core management areas, such as strategic and operational planning, financial reporting, compliance, risk management and leadership development.

**Industry/Global Experience**

Experience in industries, end-markets and growth segments that Honeywell serves, such as aerospace, automotive, construction, transportation, infrastructure, oil and gas, security and fire, energy efficiency and worker productivity and safety as well as the global markets in which we operate, enables a better understanding of the issues facing our businesses.

**Financial Expertise**

We believe that an understanding of finance and financial reporting processes is important for our directors to monitor and assess the Company's operating and strategic performance and to ensure accurate financial reporting and robust controls. Our director nominees have relevant background and experience in capital markets, corporate finance, accounting and financial reporting and several satisfy the "accounting or related financial management expertise" criteria set forth in the New York Stock Exchange ("NYSE") listing standards.

**Regulated Industries/Government Experience**

Honeywell is subject to a broad array of government regulations and demand for its products and services can be impacted by changes in law or regulation in areas such as safety, security and energy efficiency. Several of our directors have experience in regulated industries, providing them with insight and perspective in working constructively and proactively with governments and agencies globally.

### **Public Company Board Experience**

Service on the boards and board committees of other public companies provides an understanding of corporate governance practices and trends and insights into board management, relations between the board, the CEO and senior management, agenda setting and succession planning.

### **Risk Management**

In light of the Board's role in risk oversight and our robust enterprise risk management program, we seek directors who can help manage and mitigate key risks, including cybersecurity, regulatory compliance, competition, financial, brand integrity and intellectual property.

### **Innovation and Technology**

With Honeywell's transformation to a software-industrial company in the digital age, expertise in combining software programming capabilities with leading-edge physical products and domain knowledge is critical to opening and securing new growth paths for all of Honeywell's businesses.

### **Marketing**

Developing new markets for our products and services is critical for driving growth. Our directors who have that expertise provide a much desired perspective on how to better market and brand our products and services.

Each of the nominees, other than Mr. Cote and Mr. Adamczyk, is independent of the Company and management. See "Director Independence" on page 14 of this proxy statement.

The CGRC also considered the specific experience described in the biographical details that follow in determining to nominate the following individuals for election as directors.

**The Board of Directors unanimously recommends a vote FOR the election of each of the director nominees.**