resideo

2021 ANNUAL REPORT

AND NOTICE OF

2022 ANNUAL MEETING

OF SHAREHOLDERS AND

PROXY STATEMENT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)
☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to _____

Commission File Number 001-38635

Resideo Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	82-5318796
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
16100 N 71st Street, Suite 550 Scottsdale, Arizona	**85254**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (480) 573-5340

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol:	Name of each exchange on which registered:
Common Stock, par value $0.001 per share	REZI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under section 404(b) of the Sarbanes Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on the New York Stock Exchange as of July 3, 2021, was $3.4 billion.

The number of shares outstanding of the registrant's common stock, par value $0.001 per share as of February 14, 2022 was 145,018,673 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2022 Annual Meeting of Stockholders, which will be filed subsequent to the date hereof, are incorporated by reference into Part III of this Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the registrant's fiscal year ended December 31, 2021.

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PART I.

Item 1. Business

In this Annual Report on Form 10-K, unless the context otherwise dictates, references to “Resideo”, “the Company”, “we,” “us” or “our” means Resideo Technologies, Inc. and its consolidated subsidiaries.

This Annual Report includes industry and market data that we obtained from various third-party industry and market data sources. While we believe the projections of the industry sources referenced in this Annual Report are reasonable, forecasts based upon such data involve inherent uncertainties, and actual results are subject to change based upon various factors beyond our control. All such industry data is available publicly or for purchase and was not commissioned specifically for us. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, forecasts based upon such data involve inherent uncertainties, and actual results regarding the subject matter of such forecasts are subject to change based upon various factors, including those beyond our control and those discussed under the headings “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements” in this Annual Report.

On October 29, 2018, we separated from Honeywell International Inc. (“Honeywell”), becoming an independent publicly traded company as a result of a pro rata distribution of our common stock to shareholders of Honeywell (the “Spin-Off”). Our common stock began trading “regular way” under the ticker symbol “REZI” on the NYSE on October 29, 2018.

Description of Business

Resideo is a leading global manufacturer and developer of technology-driven products and solutions that provide critical comfort, residential thermal and security solutions to over 150 million homes globally. We are also the leading wholesale distributor of low-voltage security products including intrusion, access control and video products and participate significantly in the broader related markets of smart home, fire, power, audio, ProAV, networking, communications, wire and cable, enterprise connectivity, and structured wiring products. In our newly established Vision and Purpose, we imagine a world where homes and buildings are good for the planet, where technology works to simplify everyday life. In that world, people are healthy, happy, and secure. To create this future, we work every day to simplify the connected world so people have peace of mind and can focus on what matters most.

We have a global footprint serving commercial and residential end markets. Our primary focus is on the professional channel where we are a trusted partner to over 110,000 professional installers. Our global scale, breadth of product offerings, innovation heritage, and differentiated service and support has enabled our trusted relationship with professional installers and has been a key driver of our success. Leveraging our underlying strengths, we are transforming our business with a strategy that includes operational improvements, product innovation, and investments to drive future growth and value creation. We believe our significant presence in the home, both on the wall and behind the wall, positions us well for the value and convenience consumers will expect out of the connected home in the future.

We operate in large markets that sit at the intersection of multiple secular growth trends. We believe the increased desire for critical comfort, residential thermal, and security solutions in the home, combined with the long-term impacts of working from home, are driving investment in the home both in terms of time and dollars. We believe our total addressable market represents approximately a $122 billion inclusive of $32 billion for our comfort, residential thermal solutions and security, and $90 billion for distribution of low-voltage security products and additional adjacent products, including intrusion and smart home, fire, video surveillance, access control, power, audio and video, ProAV, networking, communications, wire and cable, enterprise connectivity and structured wiring. At the same time, the ability to better understand the functioning of a home through sensors, systems and controls, and connectivity has created a large and fast-growing connected home market. According to Statista, the global connected home market is expected to grow at a 17% compounded annual growth rate from $68 billion in 2019 to $208 billion in 2026. To date, we believe this market has been primarily composed of point products and services from a wide variety of industry participants, creating significant complexity for consumers. Given this complexity, we believe a significant opportunity exists to provide products, solutions and services to consumers and professional installers that integrate the disparate sensors, systems and controls inside the home, and enable differentiated insight.

We deliver value to our customers via two business segments, Products & Solutions and ADI Global Distribution, which respectively contributed 42.2% and 57.8% of our net revenue for the year ended December 31, 2021.

Products & Solutions: Our comfort, residential thermal, and security products and solutions have a presence in over 150 million homes globally and benefit from the trusted, well-established Honeywell Home brand as well as key branded offerings such as Resideo, Braukmann, and others. Our offerings include temperature and humidity control, thermal water and air solutions, as well as 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 the majority of our product categories with 15 million systems installed annually. Through our whole home presence on the wall and behind the wall, we are an enabler of home connectivity with approximately 9.4 million connected customers. Our connected solutions harness this data to provide control, visibility, insights, and alerts to the end user. Our comprehensive product suite has also allowed us to develop and sustain a long-standing partnership with professional installers who have relied on our selection and availability of products and configured solutions to help them succeed for over 100 years. Our broad portfolio of innovative products is delivered through a comprehensive network of over 110,000 professional contractors, more than 3,000 distributors and over 1,200 original equipment manufacturers ("OEMs"), as well as major retailers and online merchants.

ADI Global Distribution: Our ADI Global Distribution segment is the leading wholesale distributor of low-voltage security products including intrusion, access control and video products, and participates significantly in the broader related markets of smart home, fire, access control, power, audio, ProAV, networking, communications, wire and cable, enterprise connectivity, and structured wiring products. Through nearly 200 stocking locations in 16 countries, ADI Global Distribution distributes more than 350,000 products from over 1,000 manufacturers to a customer base of over 100,000 contractors and is recognized for superior customer service. We believe this global footprint gives us distinct scale and network advantages in our core products over our competitors. Further, we believe our customers derive great value from the advice and recommendations of our knowledgeable design specialists, allowing 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 with value-added services including presales system design, 24/7 order pick-up, and the selective introduction of new product categories such as professional audio-visual.

Competition

Our industries and markets are highly competitive in both our Products & Solutions and ADI Global Distribution segments, where we compete with global, national, regional and local providers for our products, services and solutions, including manufacturers, distributors, service providers, retailers and online commerce providers, as well as newer entrants to the market with non-traditional business and customer service models or disruptive technologies and products, including cable, telecommunications, and large technology companies competing in the connected home space.

Factors influencing our competitive position in the industry include product and service innovation, our reputation and the reputation of our brands, sales and marketing programs, product performance, reliability and warranty, quality and breadth of product training and events, product availability, speed and accuracy of delivery, service and price, technical support, and credit availability.

Business Strategy

Our management team has significant experience and a track record of leading tech-enabled businesses, developing best-in-class products, and executing organizational change. This team is focused on ingraining a culture of continuous improvement into our organization with the goal of lowering costs, increasing margins and positioning the Company for growth. Leveraging our presence in the home and its relationship with professional installers, management has repositioned the Products & Solutions business to enhance focus and collaboration across business lines and drive products and services innovation.

With ongoing transformation underway, we believe we are well positioned to execute on our growth strategy across both of our segments. Our strategy in Products & Solutions is focused on accelerating our product innovation, expanding our presence in the home and buildings, and over time, enabling connected ecosystems and services grounded in relationships with professional installers. Our ADI Global Distribution growth strategy is focused on increasing our omni channel presence to grow our customer base, expanding into adjacent growth markets, and continuing to enhance our value-add services to support our professional installers' efficiency and profitability.

Materials and Suppliers

Purchased materials in our manufacture of products include copper, steel, aluminum, plastics, printed circuit boards, semiconductors, and passive electronics. Purchased materials cover a wide range of supplier value-add, from raw materials and single components to subassemblies and complete finished goods, and there are considerable expenditures on both commercial off-the-shelf and make-to-print items. Although execution of material substitutions or supplier changes may be resource intensive and can cause delays and other inefficiencies, alternatives usually exist in the event that a supplier becomes unable to provide material. Raw material price fluctuations, the ability of key suppliers to meet quality and delivery requirements, and catastrophic events can increase the cost and effect the supply of our products and services, and impact our ability to meet commitments to customers. During 2021, we experienced global shortages in key materials and components in certain instances impacting our ability to supply certain products as well as materials price inflation and increased freight costs. In 2022, material prices and availability are likely to fluctuate throughout the year and could affect our business, financial condition, and results of operations.

Manufacturing

Our Products & Solutions business operate manufacturing and distribution facilities throughout the world, including sites in Mexico, Czech Republic, Hungary, the United States, Germany, United Kingdom, Netherlands and China. A significant percentage of our Products & Solutions revenue is derived from products manufactured in our own facilities, with the remainder being "buy to sell" (finished products purchased directly from other manufacturers) or sourced from third-party contract manufacturers. Major activities and competencies in our manufacturing operations include printed circuit board (PCB) assembly, surface mount technologies (SMT), automatic and manual assembly and test, electrotechnical assembly and test, die casting and machining, calibration and final test. We source raw materials and commodities, electronic components and assemblies, and mechanical components and assemblies from a wide range of third-party suppliers worldwide.

Regulatory and Environmental Compliance and Regulatory Capital Expenditures

We are subject to various federal, state, local and foreign government requirements relating to environmental health and safety protection standards and permitting, labeling and other requirements regarding, among other things, electronic and wireless communications, air emissions, wastewater discharges, the use, handling, and disposal of hazardous or toxic materials, remediation of environmental contamination, data privacy, consumer protection, licensing, working conditions for and compensation of our employees and others. Our businesses may also be affected by changes in governmental regulation of energy efficiency and conservation standards, product safety regulations, and consumer privacy and protection regulations. These and other laws and regulations impact the manner in which we conduct our business, and changes in legislation or government policies can affect our worldwide operations, both favorably and unfavorably. For a more detailed description of the various laws and regulations that affect the Company's business, see Item 1A. Risk Factors.

The Company's efforts to comply with numerous federal, state, and local laws and regulations applicable to its business and products often results in capital expenditures. As of December 31, 2021, we have recorded a liability for environmental investigation and remediation of approximately $22 million related to sites owned and operated by Resideo. The Company makes capital expenditures to design and upgrade its products to comply with or exceed standards applicable to the industries in which it competes. The Company's ongoing environmental compliance programs also results in capital expenditures. Regulatory and environmental considerations are a part of all significant capital expenditure decisions; however, expenditures in 2021 related solely to regulatory compliance were not material. It is management's opinion that the amount of any future capital expenditures related to compliance with any individual regulation or grouping of related regulations will not have a material adverse effect on our financial results or competitive position in any one year. See Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements for further discussion of environmental matters.

Human Capital

As of December 31, 2021, we employed approximately 13,300 employees in 32 countries. About 3,300 employees were located in the United States, and the remaining ~10,000 employees were located primarily in Mexico, the Czech Republic and the United Kingdom. Approximately 170 employees in the U.S. were subject to collective bargaining, with ~1,000 additional employees outside of the U.S. subject to collective bargaining. We believe overall our relations with our workforce are good.

Health and Safety: The Company's commitment to providing a safe and healthy workplace for all employees continued throughout 2021. The continuing impact of the COVID-19 pandemic has meant our previously developed strategies to protect our employees and customers have remained in place. These actions included formation of a response team, contact tracing and tracking of exposure and positive cases, enhanced cleaning protocols, moving to work from home where possible, suspension of most business travel and in-person meetings, the purchase of face coverings, gloves, hand sanitizer, and hand held scanning devices, installation of thermal scanners at our manufacturing sites, installation of floor demarcations and plastic shields in our ADI branches and on manufacturing lines, weekly internal audits, leasing of additional vans to permit distancing where we provide transportation to employees, daily symptom self-assessments, enhanced employee benefits, and policies requiring face coverings and physical distancing. In addition, we took several actions to promote employees obtaining the COVID-19 vaccine, including a social media campaign, providing a donation to a non-profit for each employee who reported they had been vaccinated, providing schedule flexibility and paid time off to employees to obtain the vaccine, providing transportation to vaccine clinics and holding vaccine clinics for employees at certain sites. In the United States, we also tracked status and prepared for implementation of executive orders regarding vaccinations and weekly testing. For a more detailed description of the potential impact of COVID on the Company's business, see Item 1A. Risk Factors.

At the end of 2021 our global Total Case Incident Rate or "TCIR" (the number of occupational injuries and illnesses per 100 employees) was 0.48, which was significantly lower than the North American Industry Classification System injury rate for Automatic Environmental Controls of 1.4 (as reported by the U.S. Bureau of Labor Statistics). We monitor our safety through a balanced scorecard of key performance indicators. In addition to reactive incident management investigation and root cause analysis indicators, we measure and analyze the data generated from our hazard observation, designated HSE inspections by line managers and internal audit programs by accredited HSE lead auditors to provide insights and intelligence that help us proactively mitigate issues before they result in incidents.

Total Rewards: Our primary reward strategy is ensuring "pay-for-performance" on an annual basis, as well as over the long term, which drives a mindset of accountability and productivity. Our compensation guiding principles are to structure compensation that is simple, aligned and balanced. We structure and administer our rewards programs in a manner consistent with good governance practices. We believe that the interests of employees must be aligned with our shareholders. We provide comprehensive, competitive and contemporary benefits that recognize the diversity of our workforce and are designed to meet the varying needs of our employees and promote choice. Our package includes paid time off, flexible work schedules, education assistance programs and more.

These actions reinforce our culture that values employees and seeks to attract and retain the talent that we need to win in the market. We believe the combination of our competitive pay-for-performance compensation programs and our comprehensive benefit programs demonstrate our commitment to a compelling total rewards value proposition for our employees.

Diversity, Equity and Inclusion: The Company is committed to creating a diverse, equitable and inclusive working environment. We maintain employee resource groups (ERGs) across six categories: Women, LGBTQIA+, Black, Latino, Veterans, and People with Differing Abilities. Each ERG is sponsored and supported by a senior leader of the company and our ERGs have held conversations with our executive leadership to discuss ideas for improving our culture of inclusion. Each ERG has increased membership in 2021. Our corporate functions and business units continue to track progress with respect to our diversity and inclusion initiatives.

Diversity is a core component of our recruiting strategy. Our diversity outreach includes contacting various categories of diversity job boards, including HBCUs (Historically Black Colleges and Universities). Diversity is a key component of service level agreements we maintain with our RPO (recruiting process outsourcing) partners to ensure they are accountable and meet our sourcing standards. This year we rolled out diverse slate guidelines for our career level 5+ roles requiring that interview slates include female and/or racially/ethnically diverse candidates, except in rare circumstances. We partnered with an RPO vendor to deliver training on mitigating bias in hiring for our people managers.

Talent Acquisition, Management and Development: We have a robust recruiting model to attract all levels of talent across the regions where we operate. In 2021, our average time to fill open roles was 44 days, and we hired 4,000 employees, of which approximately 2,600 were production workers. We continue to leverage our virtual interviewing platforms and onboarding experience to mitigate COVID-19 risk. Internally, strategic talent reviews and succession planning occur on an annual basis, globally and across all business areas.

In 2021, we launched another cycle of our Employee Voice Survey. This survey allows each function in our company to see its ratings across three levers: Motivation, Ability, and Knowledge of Expectations. Our score for the 2021 cycle was 7.6 on a 10-point scale, with an employee Net Promoter Score (NPS) of 26, an increase of 3 points over last year, on a scale ranging from -100 to +100 (based on industry standards for employee NPS, any score above 10 is considered good). Each sub-organization is tasked with creating an action plan based on feedback received.

Managers and their team members continue to participate in quarterly “Pulse” conversations to set performance expectations and monitor and evaluate performance. People managers at Resideo are strongly encouraged to give frequent, informal feedback so that employees are always clear on their performance level. We strongly believe in the importance of the role that people managers play and continue to provide quarterly people manager trainings. In 2021, we also created a Learning Community for our people managers, which is a space for them to easily access a multitude of trainings that can help them enhance their skills.

To better support the development of our employees, we invested in a new mentorship platform that makes more effective pairings, provides developmental resources for both mentors and mentees, and facilitates a natural progression of a mentoring relationship through detailed session agendas. Our program has just under 400 members in paired mentorships, and the standard mentorship length is 6 months – 1 year.

In order to better assist our employees in developing a career plan at Resideo, we have launched an interactive Career Navigator. This resource includes an opportunity map for employees to learn more about different functions and sub-functions as well as which skills and competencies are required to succeed in them.

We believe that making investments in our future leaders will improve our bench strength and have partnered with CrossLead to develop the Resideo Leadership Academy (RLA). Up and coming leaders have been chosen to participate in this program, which will officially launch in the second quarter of 2022. Participants will learn from our executive leaders and CrossLead instructors, following the “Team of Teams” methodology taught by CrossLead. Participants in this program will also work on group 'stretch' projects together that solve important company needs while simultaneously allowing them to put their learnings from the RLA into practice.

Culture: In 2021, we redefined our culture to better fit our current workforce and company strategy. We updated our vision and purpose statements and identified new leadership competencies. We moved from our previous four 'Energies' to 'Values,':

Start with the Customer: We understand our customers’ needs and pride ourselves on delivering exceptional experiences.

Act as One Team: We work together toward common goals, engaging from a place of humility and respect.

Pioneer the Future: We embrace change, boldly step into the unknown, and relentlessly foster innovation to fuel our growth.

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

In order to effectively operationalize these new values into our culture, we overhauled our internal and external materials to reflect these new changes, incorporated these values into our staffing materials and processes, re-vamped our recognition program, and created leadership materials for the transition.

Seasonality

Our Products & Solutions business experiences a moderate level of seasonality. Sales activity is generally highest in the fall and early winter months, reflecting increased customer purchases of heating related products with the highest sales at the end of the third quarter and throughout the fourth quarter in the majority of our geographical markets.

Research and Development and Intellectual Property

We have software centers of excellence in Austin, Texas; Bengaluru, India; and Melville, New York, along with major product design centers in the U.S., Europe, Asia, and Latin America. In addition, our laboratories are certified to meet various industry standards, such as FCC and UL, enabling us to test and certify products internally. We also have a user experience design group that consists of researchers and product and user experience designers aligned with development sites with the primary studios in Golden Valley, Minnesota. As of December 31, 2021, we employed approximately 926 engineers.

Our deep domain expertise, proprietary technology and brands are protected by a combination of patents, trademarks, copyrights, trade secrets, non-disclosure agreements, and contractual provisions. We own approximately 2,300 worldwide active patents and pending patent applications to protect our research and development investments in new products and services. We have and will continue to protect our products and technology by asserting our intellectual property rights against third-party infringers. See Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements for more information. We also have a significant trademark license with Honeywell in connection with our use of the Honeywell Home trademark as well as certain intellectual property licensed by Honeywell to us in connection with the Spin-Off. For a more detailed description of the various intellectual property rights and relationships that affect the Company's business, see Item 1A. Risk Factors.

Other Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports are available free of charge on our website (www.resideo.com) under the heading Investors (see SEC Filings) immediately after they are filed with, or furnished to, the SEC. All of the reports that we file or furnish with the SEC are also available on the SEC's website (www.sec.gov). In addition, in this Form 10-K, we incorporate by reference certain information from parts of our Proxy Statement for the 2022 Annual Meeting of Stockholders, which will also be available free of charge on our website. Information contained on, or connected to, our website does not and will not constitute part of this Form 10-K.

We are a Delaware corporation incorporated on April 24, 2018. Our principal executive offices are located at 16100 N. 71st Street Suite 550, Scottsdale, Arizona 85254. Our telephone number is (480) 573-5340. Our website address is www.resideo.com.

We disclose public information to investors, the media and others interested in our Company through a variety of means, including our investor relations website (https://investor.resideo.com), press releases, SEC filings, blogs, public conference calls and presentations, webcasts and social media, in order to achieve broad, non-exclusionary distribution of information to the public. We use these channels to communicate with our stockholders and the public about our Company, our products, solutions and other issues. It is possible that the information we post on social media could be deemed to be material information. We encourage investors, the media and others interested in our Company to review the information we post on our website and the social media channels listed below. The list of social media channels we use may be updated from time to time on our investor relations website.

The Company's News Page (https://www.resideo.com/news)

The Company's Facebook Page (www.facebook.com/resideo)

The Company's Twitter Feed (https://twitter.com/resideo)

The Company's LinkedIn Feed (https://www.linkedin.com/company/resideo1/)

References to our website and other social media channels are made as inactive textual references and information contained on them is not incorporated by reference into this Annual Report.

Item 1A. Risk Factors

You should carefully consider all of the information in this Form 10-K and each of the risks described below, which we believe are the material risks that we face.

Any of these risks, could materially and adversely affect our business, financial condition, results of operations and cash flows and the actual outcome of matters as to which forward-looking statements are made in this Form 10-K.

The following risk factors are not necessarily presented in order of relative importance and should not be considered to represent a complete set of all potential risks that could affect us.

Risks Relating to Our Business

We operate in highly competitive markets; we may have competition for acquisitions and may not achieve our integration goals with acquired businesses.

We operate in highly competitive markets in both our Products & Solutions and ADI Global Distribution segments and compete directly with global, national, regional, and local providers of our products, services and solutions including manufacturers, distributors, service and software providers, retailers, and online commerce providers. The most significant competitive factors we face are product and service innovation, reputation of our Company and brands, sales and marketing programs, product performance, warranty, quality of product training and events, product availability, speed and accuracy of delivery, price, customer and technical support, and furnishing of customer credit, with the relative importance of these factors varying among our segments and their respective products and services.

In addition to current competitive factors, there have been, and in the future, there may be new market entrants with non-traditional business, new business and customer service models or disruptive technologies and products, resulting in increased competition and changing business dynamics. Examples of these include cable, telecommunications and large technology companies competing in the connected home and home security spaces, utilities expanding their role in the provision of home energy services, OEMs vertically integrating, and the expansion of direct-to-consumer, retail and e-tail distribution in competition with our ADI Global Distribution business. Existing or future competitors may seek to gain or retain market share by reducing prices, or shifting business models to a software-based model, and we may be required to lower prices or may lose business, which could adversely affect our business, financial condition, results of operations and cash flows. Also, to the extent that we do not meet changing customer preferences or demands or other market changes, or if one or more of our competitors introduces new products or services, becomes more successful with private label products, online offerings or establishes exclusive supply relationships, our ability to attract and retain customers could be adversely affected.

To remain competitive, we will need to invest continually in product and services development, marketing, customer service and support, manufacturing and our distribution networks. We may not have sufficient resources to continue to make such investments and we may be unable to maintain our competitive position including due to the fact that our competitors and potential competitors may have greater brand recognition, resources, access to capital, including greater research and development or sales and marketing funds, more customers, lower costs and more advanced technology platforms, particularly with our products and services in connected services and in new geographic regions. It is possible that competitive pressures resulting from consolidation, including customers taking manufacturing or distribution in house, purchasing directly from a manufacturer instead of from ADI Global Distribution, moving to a competitor, partnering with third parties and consolidation amongst our customers, could affect our growth and profit margins.

Some of our competitors may also be able to deliver their service solutions more quickly to market than we can by capitalizing on technology developed in connection with their substantial existing service models. In addition, some of our competitors have significant bases of customer adoption in other services and in online content, which they could use as a competitive advantage in the growing connected home solutions services market or otherwise in our product or distribution businesses. The expansion by large technology companies into connected home solutions, could result in pricing pressure, a shift in customer preferences towards the services of these companies and a reduction in our market share. In addition, in order to successfully compete, our products often need to integrate with the platforms of our competitors, who may be able to focus more on their own solutions versus ours, which may make it difficult to compete for the consumer market.

Our Products & Solutions business' offerings are primarily sold through a network of professional contractors, distributors, OEMs, retailers and online merchants. Growth of the retail markets and greater e-tail distribution alternatives relative to the professional installation markets may negatively impact our sales and margins, which could negatively affect our cash flow and have an adverse effect on our business, financial condition and results of operations and cash flows.

With respect to our ADI Global Distribution business, if retail outlets, including online commerce or big box stores increase their participation in wholesale distribution markets, or if buying patterns for our products become more retail or e-commerce based through these outlets than they currently are, our ADI Global Distribution business may not be able to effectively compete, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

Technology in our markets is changing rapidly and our future results and growth are largely dependent upon our ability to develop and successfully market new technologies and products and develop and protect the intellectual property related thereto as well as defend against the intellectual property threats of others.

Technology in our markets changes constantly, as new technologies and enhancements to existing technologies continue to be introduced both in our traditional and connected product markets. Our future results depend upon a number of factors, including our ability to (i) identify emerging technological trends, (ii) develop and maintain competitive products, in part by adding innovative features that differentiate our products from those of our competitors and prevent commoditization of our products, as well as through the use of intellectual property protections such as patents and trade secrets, (iii) grow our market share, (iv) develop, manufacture and bring compelling new products to market quickly and cost-effectively, (v) find and effectively partner with and continue to partner with home connected device platforms and (vi) attract, develop and retain individuals with the requisite technical expertise and understanding of customers' needs to develop new technologies and introduce new products. Our inability to predict the growth of and respond in a timely way to customer preferences and other developments could have an adverse effect on our business, financial condition, results of operations and cash flows.

We rely on a combination of patents, copyrights, trademarks, trade names, trade secrets and other proprietary rights, as well as contractual arrangements, including licenses, to establish, maintain and protect our intellectual property rights. Our intellectual property rights may not be sufficient to permit us to take advantage of some business opportunities. As a result, we may be required to change our plans or acquire necessary intellectual property rights, which could be costly. Furthermore, our ability to enforce our intellectual property rights in emerging markets may be limited by legal or practical considerations that have not historically affected our business in markets with more established intellectual property protection systems.

Our industry experiences significant intellectual property litigation and we could become involved in costly and lengthy litigation involving patents or other intellectual property rights which could adversely affect our business. We have received allegations of patent infringement from third parties, including both operating companies and non-practicing entity patent holders, as well as communications from customers requesting indemnification for allegations brought by third parties. These have resulted in ongoing patent litigation relating to our combustion and comfort products and may continue to result in new litigation. These proceedings could subject us to significant liability, harm our ability to compete, and can divert our management's time and attention. Often, we receive offers to license patents for our use. Such offers typically relate to various technologies including electronics, the "internet of things", "connected homes", power systems, controls, and software, as well as, the use of certain wireless networking methods, and the design of specific products. We believe that we will be able to access any necessary rights through licensing, cross-licensing, or other mutually beneficial arrangements, although to the extent we are required but unable to enter into such arrangements on acceptable economic terms, it could adversely impact us, requiring us to take specific actions including ceasing using, selling or manufacturing certain products, services or processes or incurring significant costs and time delays to develop alternative technologies or re-design products.

Our operations depend upon third-party technologies, software, and intellectual property. Failure to renew contracts with existing providers or licensors of technology, software, intellectual property or connectivity solutions, or to contract with other providers or licensors on commercially acceptable terms or at all, as well as any failure by such third-party provider to provide such technology solutions may adversely impact our business, financial condition, results of operations and cash flows. We could also be subjected to claims of infringement regardless of our lack of involvement in the development of the licensed technology. Although a third-party licensor is typically obligated to indemnify us if the licensed technology infringes on another party's intellectual property rights, such indemnification is typically limited in amount and may be worthless if the licensor becomes insolvent.

We rely on certain suppliers of products, materials and components and are otherwise subject to raw material price and supply variability with our suppliers which may impact our ability to meet commitments to customers and cause us to incur significant liabilities.

Both of our business segments depend on third parties for the supply of certain materials and components for products we manufacture and those manufactured on our behalf, or sold through our ADI Global Distribution business, some of which are supplied by single or limited source suppliers/manufacturers. Our business, results of operations, financial condition and cash flows have been and could continue to be adversely affected by disruptions in supply from our third-party suppliers and manufacturers, whether due to work stoppages, component failures, material inflation, natural disasters, pandemics, economic, political, financial or labor concerns, weather conditions affecting products or shipments or transportation disruptions or other reasons, or if suppliers lack sufficient quality control or if there are significant changes in their financial or business condition or otherwise. For example, there is currently a global semiconductor supply shortage. While our supply chain team has been diligently working to help ensure surety of supply, we have experienced instances where our third-party suppliers and manufacturers have failed to deliver materials, products, parts and components on time and at reasonable prices, and we have had and could continue to have difficulties fulfilling our orders or stocking our distribution centers on similar terms or at all. Sales and profits could decline, and our commercial reputation could be damaged if these trends continue. Our ability to manage inventory and meet delivery requirements has been and may continue to be constrained by our suppliers' inability to scale production and adjust delivery of long-lead-time products during times of volatile demand. Our inability to fill our supply needs would jeopardize our ability to fulfill obligations which could, in turn, result in reduced sales and profits, contract penalties or terminations, and damage to customer relationships. In addition, terminations of supply or services agreements or a change in terms or conditions of sale from one or more of our key manufacturers could negatively affect our ADI Global Distribution's operating margins, net revenue or the level of capital required to fund operations.

Manufacturers who currently distribute their products through our ADI Global Distribution business may decide to shift to or substantially increase their existing distribution with other distributors, their own dealer networks, or directly to resellers or end-users. This could result in more intense competition as distributors strive to secure distribution rights with these manufacturers, which could have an adverse impact on our ADI Global Distribution business, financial condition, results of operations and cash flows. In addition, our ADI Global Distribution business may not be able to acquire from manufacturers certain product lines that we are interested in adding to our distribution business, and if even we are able to add products, they may not result in sales as expected and may not be profitable to the overall business.

O***ur business, results of operations, financial condition, cash flows and stock price may be materially adversely impacted by pandemics, epidemics or other public health emergencies, such as the coronavirus (COVID-19) outbreak.***

Our business, results of operations, financial condition, cash flows, and stock price may be adversely affected by pandemics, epidemics or other public health emergencies, such as the COVID-19 (including newly discovered variants) virus pandemic as described in this Annual Report, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. This outbreak has negatively impacted and could continue to negatively impact the global economy. While we endeavor to continue to comply with all applicable health and sanitation and legal requirements, it is possible we may fail to keep up with ever changing required health and safety protocols. We cannot ensure uninterrupted operations in geographical areas impacted by COVID-19, and similar to many employers could experience a decline in the number of available workers, which could impact productivity. Deterioration in economic conditions could reduce our sales and profitability. Any financial distress of our customers due to deterioration in economic conditions or lack of continued governmental funding and support of our customers could result in reduced sales and decreased collectability of accounts receivable which could negatively impact our results of operations. The COVID-19 outbreak has had, and could continue to have, an impact on our ability to obtain certain of the raw materials, parts and components we need to manufacture our products as our suppliers face disruptions in their businesses, and disruptions to other aspects of our business. We depend greatly on our suppliers for items that are essential to the manufacturing of our products. If our suppliers fail to meet our manufacturing needs, it could delay our production and our product shipments to customers and negatively affect our operations. While we are considered as an essential product and service provider pursuant to laws, rules and regulations in the majority of regions in which we operate, which has generally provided us with the ability to continue to operate during the COVID-19 pandemic, we may be subject to changing laws, rules and regulations, and limitations on the scope of essential businesses, which may impact our ability to operate in such regions. In addition, we have in the past and may continue in the future during the pendency of the coronavirus pandemic, been subject to government inspections of our manufacturing facilities to confirm compliance with government regulations related to employee health and safety at our sites.

To the extent the COVID-19 outbreak adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Market and economic conditions may adversely affect the economic conditions of our customers, demand for our products and services and our results of operations.

As a global provider of comfort, residential thermal, and security products, services and technologies for the home, as well as a worldwide wholesale distributor of low-voltage electronics products, as well as smart home, fire, power, audio and ProAV, networking, communications, wire and cable, enterprise connectivity, and structured wiring products, our business is affected by the performance of the global new and repair and remodel construction industry. Our markets are sensitive to changes in the regions in which we operate and are also influenced by cyclical factors such as interest rates, inflation, availability of financing, consumer spending habits and confidence, housing market changes, employment rates and other macroeconomic factors over which we have no control, and which could adversely affect our business, financial condition, results of operations and cash flows.

Failure to achieve and maintain a high level of product and service quality could damage our reputation with customers and negatively impact our results.

Product and service quality issues could result in a negative impact on customer confidence in our Company, our products and our brand image. If our offerings do not meet applicable legal and safety standards or our customers' expectations regarding safety or quality, or if our products are improperly designed, manufactured, packaged, or labeled, or are otherwise alleged to cause harm or injury, we may need to recall those items, experience increased warranty costs or lost sales and increased costs and be exposed to legal, financial and reputational risks including litigation and government enforcement action, as well as product liability claims. Such actions may damage our relationship with our customers which may result in a loss of market share; additionally, the financial expenses related to such events may not be covered by our insurance or may be subject to deductibles. We may not be able to obtain indemnity or reimbursement from our suppliers or other third parties for the warranty costs or liabilities associated with our products and there can be no assurance that we will have adequate reserves to cover any recalls, repair and replacement costs. A significant product recall, warranty claim, or product liability case, especially with respect to our security and life safety-related products or services, could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our products and services. We have in the past experienced, and may in the future experience, product recalls and litigation related to our products or services, none of which have been material to date.

We may from time to time pursue acquisitions. Our business may be adversely affected if we cannot consummate acquisitions on satisfactory terms, or if we cannot effectively integrate acquired companies or assets

We have in the past and may from time to time in the future continue to pursue and consummate acquisitions of companies or assets. Our ability to consummate any future acquisitions will be partially dependent upon the availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions. We may not be able to find suitable acquisition candidates to purchase or may be unable to acquire desired businesses or assets on economically acceptable terms or may be unable to receive necessary regulatory approvals or support.

We regularly engage in discussions with respect to potential acquisition and investment opportunities. The consummation of any particular acquisition will depend, in part, on our ability to raise the capital necessary to fund such acquisition which may not be available to us at all or on economically advantageous terms. In addition, if we consummate an acquisition, our capitalization and results of operations may change significantly. Future acquisitions could result in margin dilution and further could result in the incurrence of additional debt and contingent liabilities and an increase in interest and amortization expenses or periodic impairment charges related to goodwill and other intangible assets as well as significant charges relating to integration costs.

Acquisitions involve risks that the businesses acquired will not perform in accordance with expectations and that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect. We may not be successful in effectively identifying all risks of an acquired business, integrating the acquired business, product or technology into our existing business and operations or realizing the benefits expected at acquisition. Our due diligence may fail to identify all of the liabilities or challenges of an acquired business, product or technology, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or employee or customer issues. We may not be able to achieve the operational synergies or savings nor any growth targets identified in acquisition diligence. The successful integration of future acquisitions may also require substantial attention from our senior management and the management of the acquired business, which could decrease the time that they have to service, attract customers and develop new products and services or attend to other acquisition opportunities.

We may not be able to retain or expand relationships with certain significant customers.

A number of our customers contribute significantly to our net revenue and operating income. Consolidation or change of control, particularly among our OEM customers (and in certain instances, their authorized dealers), or a decision by any one or more of our customers to outsource all or most manufacturing work to a single equipment manufacturer, or partner with third parties may continue to concentrate our business in a limited number of customers and expose us to increased risks relating to dependence on a smaller number of customers. We generally have to qualify, and are required to maintain our status, as a supplier for each of our OEM customers. A significant failure or inability to comply with customer specifications and manufacturing requirements or delays or other problems with existing or new products or inability to meet price requirements could result in financial penalties, cancelled orders, increased costs, loss of sales, market share shift, loss of customers or potential breaches of customer contracts, which have had and could in the future have an adverse effect on our profitability and results of operations. By virtue of certain customers' size and the significant portion of revenue that we derive from them, they are able to exert significant influence in the negotiation of our commercial agreements and the conduct of our business with them. If we are unable to retain and expand our business with these customers on favorable terms, our business, financial condition, results of operations and cash flows will be adversely affected.

Failure to increase productivity through sustainable operational improvements, as well as an inability to successfully execute transformation programs or to effectively manage our workforce, may reduce our profitability or adversely impact our businesses.

Our profitability and margin growth are dependent upon our ability to drive sustainable improvements. In addition, we seek productivity and cost savings benefits through our ongoing transformation and other programs, such as consolidation and outsourcing of manufacturing operations or facilities, transitions to cost-competitive regions, workforce optimizations, product line rationalizations and divestitures, and other cost-saving initiatives. Risks associated with these actions include delays in execution of the planned initiatives, additional unexpected costs, asset impairments, realization of fewer than estimated productivity improvements, and adverse effects on employee morale leading to reduced production and unanticipated departures. We may not realize the full operational or financial benefits we expect and the recognition of these benefits may be delayed and these actions may potentially disrupt our operations. In addition, organizational changes, attrition, labor relations difficulties, or work stoppages could have an adverse effect on our business, reputation, financial condition, results of operations, and cash flows.

We are subject to the economic, political, health, epidemic, regulatory, foreign exchange and other risks of international operations.

Our international revenues represented approximately 28% of our net revenue for the year ended December 31, 2021. Our international geographic footprint subjects us to many risks including: exchange control regulations; wage and price controls; antitrust/competition and environmental regulations; employment regulations; foreign investment laws; monetary and fiscal policies and protectionist measures that may prohibit acquisitions or joint ventures, establish local content requirements, or impact trade volumes; import, export and other trade restrictions (such as embargoes); violations by our employees of anti-corruption laws (despite our efforts to mitigate these risks); changes in regulations regarding transactions with state-owned enterprises; nationalization of private enterprises; natural and man-made disasters, hazards and losses; backlash from foreign labor organizations related to our restructuring actions; violence, civil and labor unrest; acts of terrorism; health epidemics; and our ability to hire and maintain qualified staff and maintain the safety of our employees in these regions. Additionally, certain of the markets in which we operate have adopted increasingly strict data privacy and data protection requirements or may require local storage and processing of data or similar requirements.

Instabilities and uncertainties arising from the global geopolitical environment can negatively impact our business. The implementation of more restrictive trade policies or the renegotiation of existing trade agreements in the U.S. or other countries where we sell or manufacture large quantities of products and services or procure supplies and other materials incorporated into our products could negatively impact our business results of operations, cash flows and financial condition. For example, a government's adoption of "buy national" policies or retaliation by another government against such policies, such as tariffs or quotas, could have a negative impact on our results of operations.

Tariffs, sanctions and other barriers to trade could adversely affect the business of our customers and suppliers, which could in turn negatively impact our net revenue and results of operations. Instabilities and uncertainties arising from the global geopolitical environment, along with the cost of compliance with increasingly complex regulations worldwide, can impair our flexibility in modifying product, marketing, pricing or other strategies for growing our businesses, as well as our ability to improve productivity and maintain acceptable operating margins.

As a result of our global presence, a portion of our net revenue are denominated in currencies other than the U.S. Dollar, whereas a significant amount of our payment obligations, including pursuant to the Reimbursement Agreement, Tax Matters Agreement, and our debt obligations are denominated in U.S. Dollars, which exposes us to foreign exchange risk. We monitor and may seek to reduce such risk through hedging activities; however, foreign exchange hedging activities bear a financial cost and may not always be available to us or be successful in eliminating such volatility. Finally, we generate significant amounts of cash outside of the United States that is invested with financial counterparties. While we employ comprehensive controls regarding global cash management to guard against cash or investment loss and to ensure our ability to fund our operations and commitments, a material disruption to the counterparties with whom we transact business could expose us to financial loss.

We operate in many diverse regions that require modifications to our products based on local building codes, regulations, standards, certifications and other factors, which may impact our cost to serve and profitability as we continue our penetration into these regions.

We rely on a dependable IT infrastructure and network operations that have adequate cyber-security functionality to produce and sell our products and solutions and manage our business.

The efficient operation of our business requires substantial investment in technology infrastructure systems, including enterprise resource planning (“ERP”) systems, information systems, supply chain management systems, digital commerce systems and connected solutions platforms and network operations and systems. The failure to acquire, implement, maintain and upgrade as required, these systems may impact our ability to respond effectively to changing customer expectations, manage our business, scale our solutions effectively or impact our customer service levels, which may put us at a competitive disadvantage and negatively impact our business, results of operations, financial condition and cash flows. Repeated or prolonged interruptions of service, due to problems with our systems or third- party technologies, whether or not in our control, could have a significant negative impact on our reputation and our ability to sell products and services. Our business, results of operations, financial condition and cash flows may be adversely affected if our information systems fail or do not allow us to transmit accurate information. Failure to properly or adequately address these issues, including the failure to fund upgrades and improvements to our systems, could impact our ability to perform necessary business operations, which could adversely affect our reputation, competitive position, business, results of operations, financial condition and cash flows. Our ability to keep our business operating is highly dependent on the proper and efficient operation of our data centers, networks, and data backup systems. In addition, a significant portion of our employees are and have been engaged in remote work from their homes during COVID-19; this further exposes our information technology systems to potential cyber interference and disruption of work activities based on availability and performance of Internet access in the regions in which our employees reside.

Our information technology ("IT") and engineering systems contain sensitive information, including personal data, trade secrets, and other proprietary information. In addition, our connected products potentially expose our business and customers to cybersecurity threats. As a result, we are subject to systems interruption and service and product failures, not only resulting from the failures of our products or services but also from the failures of third-party service providers, natural disasters, power shortages or terrorist attacks, and cyber or other security threats. There is no assurance that the comprehensive security measures we have put in place to protect our IT and engineering systems, services, and products against unauthorized access and disclosure of personal data or confidential or trade secret information will be effective in every case.

We have experienced, and expect to continue to experience, cybersecurity threats and incidents, none of which, to our knowledge, have been material to date. The potential consequences of a material cyber or other security incident such as a ransomware attack include financial loss, reputational and brand impact, negative media coverage, loss of customers, litigation with third parties, including class-action litigation, regulatory investigations or actions, theft of intellectual property, fines, diminution in the value of our investment in research, development and engineering, regulatory reporting for data breaches, and increased cyber and other security protection and remediation costs due to the increasing sophistication and proliferation of threats, which in turn could adversely affect our competitiveness, business, financial condition, results of operations, and cash flows. In addition, damages, fines and claims arising from such incidents may not be covered by, or may exceed the amount of any insurance available or may not be insurable.

Failure to increase productivity through sustainable operational improvements, as well as an inability to successfully execute transformation programs or to effectively manage our workforce, may reduce our profitability or adversely impact our businesses.

Our profitability and margin growth are dependent upon our ability to drive sustainable improvements. In addition, we seek productivity and cost savings benefits through our ongoing transformation and other programs, such as consolidation and outsourcing of manufacturing operations or facilities, transitions to cost-competitive regions, workforce optimizations, product line rationalizations and divestitures, and other cost-saving initiatives. Risks associated with these actions include delays in execution of the planned initiatives, additional unexpected costs, asset impairments, realization of fewer than estimated productivity improvements, and adverse effects on employee morale leading to reduced production and unanticipated departures. We may not realize the full operational or financial benefits we expect and the recognition of these benefits may be delayed and these actions may potentially disrupt our operations. In addition, organizational changes, attrition, labor relations difficulties, or work stoppages could have an adverse effect on our business, reputation, financial condition, results of operations, and cash flows.

We are subject to risks associated with the Reimbursement Agreement, pursuant to which we are required to make substantial cash payments to Honeywell, measured in substantial part by reference to estimates by Honeywell of certain of its liabilities.

In connection with the Spin-Off, we entered into the Reimbursement Agreement, described in Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements. In each calendar quarter, our ability to pay dividends and repurchase capital stock, or take other material corporate actions, in such calendar quarter will be restricted until any amounts payable under the Reimbursement Agreement in such quarter are paid to Honeywell and we will be required to use available restricted payment capacity under our debt agreements to make payments in respect of any such amounts. Payment of deferred amounts and certain other amounts could cause the amount we are required to pay under the Reimbursement Agreement in respect of liabilities arising in any given calendar year to exceed $140 million. All amounts payable under the Reimbursement Agreement are guaranteed by certain of our subsidiaries that act as guarantors under our principal credit agreement, subject to certain exceptions. Under the Reimbursement Agreement, we are subject to certain of the affirmative and negative covenants that are substantially similar to those presently included in our principal credit agreement. Further, pursuant to the Reimbursement Agreement, our ability to (i) amend or enter into waivers under our principal credit agreement or our indenture, (ii) enter into another credit agreement or our indenture or make amendments or waivers thereto, or (iii) enter into or amend or waive any provisions under other agreements, in each case, in a manner that would adversely affect the rights of Honeywell under the Reimbursement Agreement, may be subject to Honeywell's prior written consent. The covenants contained in the Reimbursement Agreement and/or the consent right described in the preceding sentence may significantly limit our ability to engage in many types of significant transactions on favorable terms (or at all), including, but not limited to, equity and debt financings, liability management transactions, refinancing transactions, mergers, acquisitions, joint ventures, and other strategic transactions. The Reimbursement Agreement may have material adverse effects on our liquidity and cash flows and on our results of operations, regardless of whether we experience a decline in net revenue. The Reimbursement Agreement may also require us to accrue significant long-term liabilities on our consolidated balance sheet, the amounts of which will be dependent on factors outside our control, including Honeywell's responsibility to manage and determine the outcomes of claims underlying the liabilities. This may have a significant negative impact on the calculation of key financial ratios and other metrics that are important to investors, rating agencies and securities analysts in evaluating our creditworthiness, and the value of our securities. Although we will have access to information regarding these liabilities as we may reasonably request for certain purposes, as well as the ability to participate in periodic standing meetings with Honeywell's remediation management team responsible for management of the underlying claims, the payment obligations under the Reimbursement Agreement relate to legal proceedings, costs and remediation efforts that we will not control, and we accordingly do not expect to be able to make definitive decisions regarding settlements or other outcomes that could influence our potential related exposure.

Regulations and societal actions to respond to global climate change could negatively affect our business.

Responses to climate change may cause a shift away from fossil fuels to alternative power sources such as electricity or alternative fuels such as natural gas/hydrogen mixtures. Many of our thermal solutions are designed for application with oil and gas systems. A shift away from fossil fuels could affect our OEM customers' business and result in a loss of business for them and for us. If we fail to adapt our solutions to alternative power sources, it could have an adverse effect on our business, financial condition, results of operations, and cash flows. Similarly, regulations to drive higher fuel efficiency and requirements to support varying fuel mix could shift business away from us if we fail to adapt our solutions to address these needs in a timely manner.

Risks Relating to Legal and Regulatory Matters

Failure to comply with the broad range of standards, laws and regulations in the jurisdictions in which we operate may result in exposure to substantial disruptions, costs and liabilities.

The laws and regulations impacting us impose complex, stringent and costly compliance activities, including but not limited to environmental, health, and safety protection standards and permitting, labeling and other requirements regarding, among other things, electronic and wireless communications, air emissions, wastewater discharges, the use, handling, and disposal of hazardous or toxic materials, remediation of environmental contamination, data security, data protection and data privacy, consumer protection and working conditions, and benefits for and compensation of our employees. We may also be affected by future standards, laws or regulations, including those imposed in response to energy, climate change, product functionality, geopolitical, corporate social responsibility, privacy or similar concerns. We expect that the growth of our business may depend on our development of new technologies in response to legislation and regulations related to efficiency standards, safety, privacy and security, and environmental concerns. These standards, laws, or regulations may further impact our costs of operation, the sourcing of raw materials, and the manufacture and distribution of our products and place restrictions and other requirements or impediments on the products and solutions we can sell in certain geographical locations. The net revenue and margins of our business are directly impacted by government regulations, including safety, performance and product certification regulations, particularly those driven by customer demands and national approvals, as well as changes in trade agreements, tariffs, and environmental and energy efficiency standards. We may develop unexpected legal contingencies or matters that exceed, or are excluded from, insurance coverage. We are subject to and in the future may be subject to various claims, including legal claims arising in the normal course of business. Such claims may include without limitation employment and benefits claims, product recall, personal injury, network security, breaches of or other non-compliance with data security, data protection or data privacy regulations, or property damage claims resulting from the use of our products, services, or solutions, as well as exposure to hazardous materials, contract disputes, or intellectual property disputes. The actual costs of resolving legal claims may be substantially higher or lower than the level of insurance coverage we hold and/or the amounts accrued for such claims or may be excluded from coverage. In the event of unexpected future developments, it is possible that the ultimate resolutions of such matters could be unfavorable.

Various laws and regulations apply to the collection, processing, transfer, disposal, disclosure and security of personal data and other types of regulated data. The interpretation and application of many privacy and data protection laws and regulations around the world may be inconsistent with our existing data management practices or the features of our products and services. Any such new laws or regulations, any changes to existing laws and regulations and any such interpretation may affect demand for our products and services, impact our ability to effectively transfer data across borders in support of our business operations, or increase the cost of providing our products and services. Additionally, any actual or perceived breach of such laws or regulations may subject us to claims and may lead to administrative, civil or criminal liability, as well as reputational harm. We could also be required to fundamentally change our business activities and practices, or modify our products and services, which could have an adverse effect on our business, financial condition, results of operations, and cash flows. Claims or lawsuits related to data security, data protection or data privacy initiated by governmental bodies, customers or other third parties, whether meritorious or not, could be time consuming, result in costly regulatory proceedings, litigation, penalties and fines, or require us to change our business practices, sometimes in expensive ways, or other potential liabilities. Unfavorable publicity regarding our privacy practices could injure our reputation, harm our ability to keep existing customers or attract new customers or otherwise adversely affect our business, assets, revenue, brands, and reputation.

Changes in laws, regulations or government enforcement of policies concerning the environment, the discovery of previously unknown contamination or new technology or information related to individual contaminated sites owned or operated by Resideo, the establishment of stricter state or federal toxicity standards with respect to certain contaminants, or the imposition of new clean-up requirements or remedial techniques, could require us to incur additional currently unanticipated costs in the future that would have a negative effect on our business, financial condition, results of operations, and cash flows.

We are currently subject to laws and regulations regarding labor, employment and benefits matters, including consultation requirements, and may be subject in the future to government investigations and/or claims, allegations and/or work stoppages in these areas that may have a negative effect on our business operations and/or financial results.

We cannot predict with certainty the outcome of litigation matters, government proceedings, and other contingencies and uncertainties.

In the ordinary course of business, we may make certain commitments, including representations, warranties and indemnities relating to current and past operations, and issue guarantees of third-party obligations. We are also subject to various lawsuits, investigations and disputes arising out of the conduct of our business, including matters relating to public disclosure and reporting, commercial transactions, government contracts, product liability, prior acquisitions and divestitures, labor and employment matters, employee benefit plans, intellectual property, and environmental, health and safety matters.

We have incurred, and may continue to incur, significant costs in connection with some or all of these matters, including in connection with the class action and related derivative lawsuits described in Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements. In addition, we are currently subject to investigations and inquiries by governmental agencies (including the SEC) relating to these matters, which may result in fines or penalties which may not be covered by insurance. We may face future governmental inquiries and investigations on these and other issues.

On July 30, 2021, the Company executed a term sheet with plaintiffs' representatives setting forth an agreement in principle to settle the claims alleged in the class action. The total amount to be paid in settlement of the claims as set forth in the agreement in principle is $55 million. Insurance recoveries of approximately $39 million are expected to be made related to the settlement. The settlement is subject to, among other things, court review and approval and other customary conditions. The claim settlement payment and related insurance recoveries have been paid to an escrow account pending final court approval of the Securities Litigation. A motion to approve the settlement was taken under advisement by the court on January 27, 2022 and remains under review by the court.

Our potential liabilities are subject to change over time due to new developments, and we may become subject to or be required to pay damage awards or settlements that could have an adverse effect on our business, financial condition, results of operations and cash flows. If we were required to make payments in addition to the settlement payments noted above, such payments could be significant and could exceed the amounts we have accrued with respect thereto, adversely affecting our business, financial condition, results of operations, and cash flows. While we maintain or may otherwise have access to insurance for certain risks, certain risks may be excluded and the amount of our insurance coverage may not be adequate to cover the total amount of all insured claims, legal fees, costs and liabilities and we may have to satisfy high insurance retentions. The incurrence of significant liabilities for which there is no or insufficient insurance coverage (or where there is available insurance but high retention levels) could adversely affect our liquidity and financial condition, results of operations and cash flows.

As described in Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements, we are subject to potentially material liabilities related to the investigation and cleanup of environmental hazards and to claims of personal injuries or property damages that may arise from hazardous substance releases and exposures. These liabilities arise out of our current and past operations and the operations and properties of predecessor companies (including off-site waste disposal). We are also subject to potentially material liabilities related to compliance of Resideo owned sites with the requirements of various federal, state, local, and foreign governments that regulate the discharge of materials into the environment and the generation, handling, storage, treatment, and disposal of and exposure to hazardous substances. If we are found to be in violation of these laws and regulations, we may be subject to substantial fines, criminal sanctions, trade restrictions, product recalls, public exposure and be required to install costly equipment or make operational changes to achieve compliance with such laws and regulations.

Risks related to the Spin-Off and our relationships with Honeywell

The Spin-Off was generally intended to be a tax-free transaction for our shareholders, but any failure to comply with the relevant tax requirements could result in certain of our shareholders incurring substantial tax liabilities. In addition, we may have material payment obligations to Honeywell under the Tax Matters Agreement, including upon the resolution of pending or future disputes with Honeywell regarding the appropriate allocation of tax liabilities incurred in connection with the Spin-Off.

Completion of the Spin-Off was conditioned on Honeywell's receipt of separate written opinions from Cleary Gottlieb Steen & Hamilton and KPMG to the effect that the Spin-Off should qualify for non-recognition of gain and loss under Section 355 and related provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The opinions assume that the Spin-Off was completed according to the terms of the Separation and Distribution Agreement.

If the distribution made in connection with the Spin-Off were determined not to qualify for non-recognition of gain or loss under Section 355 and related provisions of the Code, then a U.S. Holder who received our common stock in the Spin-Off generally would be treated as receiving a distribution in an amount equal to the fair market value of our common stock received. In connection with the Spin-Off, we entered into the Tax Matters Agreement with Honeywell described in Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements. We presently have, and in the future may have, disputes with Honeywell regarding the allocation of tax related liabilities between us and Honeywell under the Tax Matters Agreement. While we maintain reserves for potential liabilities arising under the Tax Matters Agreement, to the extent we are obligated to indemnify Honeywell for tax related liabilities in respect of matters that are not reserved or in excess of reserved amounts, including upon resolution of any dispute with Honeywell, such payments could have a material adverse effect on our business, financial condition and cash flows.

We have certain business conflicts of interest with Honeywell with respect to our past and ongoing relationships. In addition, the agreements that we entered into with Honeywell in connection with the Spin-Off impose significant restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long-term best interests, and we may from time to time have disputes with Honeywell under such agreements that could have a material impact on our business and operations.

Conflicts of interest may or have arisen with Honeywell in a number of areas relating to our past and ongoing relationships, including:

- labor, tax, employee benefit, indemnification and other matters arising from our separation from Honeywell;
- intellectual property matters;
- employee recruiting and retention;
- interpretations of contractual arrangements; and
- business combinations involving our Company.

We may not be able to resolve any potential conflicts, and, even if we do so, the resolution may be less favorable to us than if we were dealing with a party other than our former parent company.

The agreements that we entered into with Honeywell in connection with the Spin-Off may impose significant restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long-term best interests. As described in more detail in Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements, the Reimbursement Agreement imposes material restrictions on our business and operations, including limitations or impediments on our ability to separate or otherwise divest businesses and modify or waive the terms of certain agreements in a manner that would adversely affect the rights of Honeywell under the Reimbursement Agreement. In addition, the Trademark Agreement is terminable by Honeywell under certain circumstances, including if we fail to comply with all material obligations, including the payment obligations, set forth in the Reimbursement Agreement. The Trademark Agreement also automatically terminates upon the occurrence of a change of control of Resideo that is not approved by Honeywell, and automatically terminates as to any subsidiary of Resideo upon it ceasing to be a wholly owned subsidiary of Resideo. Any termination of the Trademark Agreement could have a material adverse effect on our business, financial condition, cash flows, and reputation. In addition, the provisions of the Trademark Agreement in respect of a change of control of Resideo or the sale of any interests in any subsidiary of Resideo may impact our ability to enter into transactions that are otherwise in the best interests of our stockholders.

We and Honeywell also have had and may in the future have disputes under the agreements and related exhibits entered into in connection with the Spin-Off. In addition, because of their former positions with Honeywell, certain of our executive officers and directors, including the chairman of the Board, own equity interests in Honeywell. Continuing ownership of Honeywell shares and equity awards could appear to create potential conflicts of interest if our Company and Honeywell face decisions that could have implications for both our Company and Honeywell.

The terms of our debt documents may impose restrictions on our business and our operations require substantial capital and we may not be able to obtain additional capital that we need in the future on favorable terms or at all.

The terms of our varied indebtedness include a number of restrictive covenants that impose significant operating and financial restrictions on us and limit our ability to engage in actions that may be in our long-term best interests, including actions such as incurring additional indebtedness, paying dividends, making investments or acquisitions, selling or transferring certain assets and other corporate actions. If market changes, economic downturns, or other negative events occur, our ability to comply with these covenants may be impaired and waivers from our lenders may not be provided. A breach of any of these covenants could result in an event of default under the terms of our indebtedness giving lenders the right to accelerate the repayment of such debt, which could adversely affect our business, financial condition, results of operations, and cash flows. Additionally, we might not have, or be able to obtain, sufficient funds to make these accelerated payments, and lenders could then proceed against any collateral. Any subsequent replacement of the agreements governing such indebtedness, or any new indebtedness could have similar or greater restrictions. As a result of these restrictions, we may be limited in how we conduct our business and pursue our strategy, unable to raise additional debt financing to operate during general economic or business downturns or unable to compete effectively or to take advantage of new business opportunities.

Notwithstanding that we completed a follow-on equity offering and a refinance of our debt obligations, we may require additional capital in the future to finance our growth and development, upgrade and improve our manufacturing capabilities, implement further marketing and sales activities, fund ongoing research and development activities, satisfy regulatory and environmental compliance obligations and national approvals requirements, satisfy obligations under the Reimbursement Agreement, fund acquisitions and meet general working capital needs. If our access to capital were to become constrained significantly, or if costs of capital increased significantly, due to lowered credit ratings, increased interest rates, prevailing business conditions, financial leverage, the volatility of the capital markets, decreased investor interest or other factors, our business, financial condition, results of operations and cash flows could be adversely affected and our ability to fund future development and acquisition activities could be impacted.

We believe that we have adequate capital resources to meet our projected operating needs, capital expenditures and other cash requirements, including payments to Honeywell under the Reimbursement Agreement. However, we may need additional capital resources in the future and if we are unable to obtain sufficient resources for our operating needs, capital expenditures and other cash requirements for any reason, our business, financial condition and results of operations could be adversely affected.

Risks Relating to Our Common Stock and the Securities Market

Our stock price has been volatile; stockholder's percentage ownership in our Company may be diluted in the future.

Our stock price may be volatile. The market price of our common stock has been volatile in the past and may be volatile in the future. The market price of our common stock may be significantly affected by the following factors: actual or anticipated fluctuations in our operating results; changes in financial estimates by securities analysts or our failure to perform in line with such estimates; announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments; the loss of, or decrease in sales to, one or more key customers; and departures of key personnel.

A stockholder's percentage ownership in our Company may be diluted in the future because of common stock-based equity awards that we have granted and expect to grant in the future in accordance with our 2018 Stock Incentive Plan for the benefit of certain employees and other service providers, as well as our equity plan for our non-employee directors. In addition, we may issue additional equity as necessary to finance our ongoing operations and future acquisitions.

In addition, our Amended and Restated Certificate of Incorporation (our "Certificate") authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock, which may have preferences over our common stock with respect to dividends and distributions, as our Board may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. Similarly, the repurchase or redemption rights or liquidation preferences that we could assign to holders of preferred stock could affect the residual value of our common stock. In addition, we may pursue acquisition opportunities for which the consideration thereof may consist partially or entirely of newly issued shares of our common stock and such transactions would dilute the voting power and/or reduce the value of our common stock.

Certain provisions in our governing documents may discourage takeovers.

Several provisions of our Charter Documents and Delaware law may discourage, delay or prevent a merger or acquisition. These include, among others, our staggered board that remains in effect until our 2022 annual meeting of stockholders; our stockholders are not permitted to act by written consent; we have established advance notice requirements for stockholder nominations and proposals; we limit the persons who may call special meetings of stockholders and we have limitations on our ability to enter into business combinations transactions.

These and other provisions of our Charter Documents and Delaware law may discourage, delay or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of our Company, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their shares of our common stock at a price above the prevailing market price.

General Risk Factors

We depend on the recruitment and retention of qualified personnel, and our failure to attract and retain such personnel could adversely affect our business, financial condition, results of operations, and cash flows.

Due to the complex nature of our business, our future performance is highly dependent upon the continued services of our employees and management who have significant industry expertise, including our engineering and design personnel and trained sales force. Our performance is also dependent on the development of additional personnel and the hiring of new qualified engineering, design, manufacturing, marketing, sales and management personnel for our operations. Competition for qualified personnel in our markets is intense, many locations in which we operate have seen increases in employee resignations, competition for talent, and increases in wages, and we may not be successful in attracting or retaining qualified personnel. The loss of key employees, our inability to attract new qualified employees or adequately train employees, or the delay in hiring key personnel could negatively affect our business, financial condition, results of operations and cash flows.

Our effective tax rate will be affected by factors including changes in tax rules, and in the interpretation and application of those rules, in the countries in which we operate.

Our future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in tax laws, regulations and judicial rulings (or changes in the interpretation thereof), changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings permanently reinvested offshore, the results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures, and various other governmental enforcement initiatives. Our tax expense includes estimates of tax reserves and reflects other estimates and assumptions, including assessments of our future earnings which could impact the valuation of our deferred tax assets. Changes in tax laws or regulations, including multi-jurisdictional changes enacted in response to the guidelines provided by the Organization for Economic Co-operation and Development to address base erosion and profit shifting will increase tax uncertainty and may adversely impact our provision for income taxes.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired and investors' views of us could be harmed.

The Sarbanes-Oxley Act requires that we maintain effective internal control over financial reporting and disclosure controls and procedures. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of shares of common stock could decline and we could be subject to sanctions or investigations by SEC or other regulatory authorities, which would require additional financial and management resources.

Even if we were to conclude, and our auditors were to concur, that our internal controls over financial reporting provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, because of its inherent limitations, internal control over financial reporting might not prevent or detect fraud or misstatements. This, in turn, could have an adverse impact on trading prices for our shares of common stock, and could adversely affect our ability to access the capital markets.

If our goodwill, other intangible assets and long-lived assets become impaired, we may be required to record a significant charge to earnings.

We test, at least annually, the carrying value of goodwill for impairment, as discussed in Note 2. Summary of Significant Accounting Policies of Notes to the Consolidated Financial Statements included in this Annual Report. We review other intangible assets and long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. The estimates and assumptions about future results of operations and cash flows made in connection with the impairment testing could differ from future actual results of operations and cash flows. If the assumptions used in our analysis are not realized or if there was an adverse change in facts and circumstances, it is possible that an impairment charge may need to be recorded in the future. If the fair value of the Company's reporting units falls below its carrying amount because of reduced operating performance, market declines, changes in the discount rate, or other conditions, charges for impairment may be necessary. Any such charges may have a material negative impact on our results of operations. There were no impairment charges taken during the years ended December 31, 2021, 2020 and 2019.

We may be required to make significant cash contributions to our defined benefit pension plans.

We sponsor defined benefit pension plans under which certain eligible Company employees will earn pension benefits. We have plans in several countries including the U.S., the terms of which require that such qualified defined benefit pension plans maintain certain capitalization levels. Changes in discount rates and actual asset returns different than our anticipated asset returns can result in significant non-cash actuarial gains or losses. With regard to cash pension contributions, funding requirements for our pension plans are largely dependent upon interest rates, actual investment returns on pension assets and the impact of legislative or regulatory changes related to pension funding obligations. Our pension plan contributions may be material and could adversely impact our financial condition, cash flow, and results of operations. We may need to make pension plan contributions in future periods sufficient to satisfy funding requirements.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Scottsdale, Arizona.

The Products & Solutions segment owns or leases 16 manufacturing sites and 5 warehouses. ADI Global Distribution owns or leases 188 stocking locations and 2 warehouses. Corporate leases 3 sites. There are also 49 other sites owned or leased, including offices shared by the segments and engineering, and lab sites used by the Products & Solutions segment. The following table shows the regional distribution of these sites:

	Americas	Asia Pacific	EMEA	India
Sites	154	7	89	13

We also sublease 1 lab site and 3 other sites that include office and engineering space from Honeywell. 30 warehouses are operated by third parties. In addition, Honeywell leases or subleases 2 manufacturing sites and 4 other sites, with office and warehouse space, from us.

We believe our properties are adequate and suitable for our business as presently conducted and are adequately maintained.

Item 3. Legal Proceedings

We are subject to various lawsuits, investigations and disputes arising out of the conduct of our business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee matters, intellectual property, and environmental, health and safety matters. We recognize a liability for any contingency that is probable of occurrence and reasonably estimable. We continually assess the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. We do not currently believe that such matters are material to our results of operations.

For further information on our legal proceedings see Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange under the symbol "REZI". On February 14, 2022, there were 36,479 holders of record of our common stock and the closing price of our common stock on the New York Stock Exchange was $24.37 per share. As of February 14, 2022, 145,018,673 shares of our Common Stock and 0 shares of our preferred stock were outstanding.

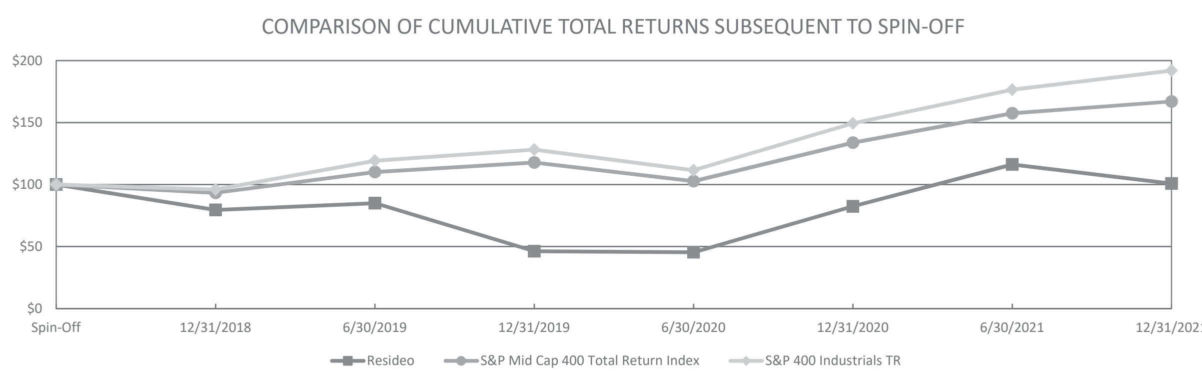
As described in Item 1. Business of this Form 10-K, on October 29, 2018, Honeywell completed the separation of Resideo Technologies, Inc. as a result of a pro rata distribution of our common stock to shareholders of Honeywell (the "Spin-Off"). Following the Spin-Off, our authorized capital stock consisted of 700,000,000 shares of common stock, par value $0.001 per share, and 100,000,000 shares of preferred stock, par value $0.001 per share.

Dividends

We have never declared or paid any cash dividends on our common stock and we currently do not intend to pay cash dividends. We currently expect to retain any future earnings to fund the operation and expansion of our business and pay back debt obligations. The Board's decision regarding any future payment of dividends will depend on the consideration of many factors, including our financial condition, earnings, sufficiency of distributable reserves, opportunities to retain future earnings for use in the operation of our business and to fund future growth, capital requirements, debt service obligations, obligations under the Reimbursement Agreement, legal requirements, regulatory constraints, and other factors that the Board deems relevant. Additionally, the terms of the indebtedness we incurred in connection with the Spin-Off, obligations under the Reimbursement Agreement and other amounts owed to Honeywell under the Tax Matters, Trademark License and Patent Cross-License Agreements, will limit our ability to pay cash dividends.

Stock Performance

The following graph shows a comparison through December 31, 2021 of the cumulative total returns for (i) our common stock, (ii) the S&P MidCap 400 Total Return Index and (iii) the S&P 400 Industrials assuming an initial investment of $100 on the Spin-Off date and reinvestment of all dividends. The returns in the graph are not intended to forecast or be indicative of possible future performance of our common stock.



Item 6. [RESERVED]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

(In millions, except per share amounts)

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help you understand the results of operations and financial condition of Resideo Technologies, Inc. and its consolidated subsidiaries ("Resideo" or "the Company", "we", "us" or "our") for the three years ended December 31, 2021 and should be read in conjunction with the Consolidated Financial Statements and the notes thereto contained elsewhere in this Form 10-K.

Overview and Business Trends

We are a leading global manufacturer and distributor of technology driven products and solutions that help homeowners and businesses stay connected and in control of their comfort, security and energy use. We are a leader in the home heating, ventilation and air conditioning controls and security markets. We have a global footprint serving commercial and residential end-markets. We manage our business operations through two operating segments, Products & Solutions and ADI Global Distribution. Our Products & Solutions segment offerings include temperature and humidity control, thermal and combustion solutions, water and air solutions, as well as security panels, sensors, peripherals, wire and cable, communications devices, video cameras, awareness solutions, cloud infrastructure, installation and maintenance tools and related software. Our ADI Global Distribution business is the leading wholesale distributor of low-voltage security products including intrusion, access control and video products and participates significantly in the broader related markets of smart home, fire, power, audio, ProAV, networking, communications, wire and cable, and data communications. The Products & Solutions segment, consistent with our industry, has a higher gross and operating profit margin profile in comparison to the ADI Global Distribution segment.

Our financial performance is influenced by several macro factors such as repair and remodeling activity, residential and non-residential construction, employment rates, and overall macro environment. The global outbreak of a novel coronavirus disease ("COVID-19") in 2020 created economic disruption, and we experienced constrained supply and slowed customer demand, as well as temporary closures of several of our ADI Global Distribution branches, that adversely impacted business, results of operations, and overall financial performance. Although there remains uncertainty as to the continuing implications of COVID-19, customer demand improved throughout 2021 and ongoing cost actions and transformation efforts contributed to the Company's operations and overall financial performance. However, we are experiencing global shortages in key materials and components in certain instances impacting our ability to supply certain products as well as labor shortages, materials price inflation, and increased freight costs.

During 2021, the Products & Solutions segment revenue increased 16% compared to 2020, driven by strong growth across all business segments as well as sales price increases. Operating profit increased 33% compared to 2020 and was positively impacted by higher revenue, a decrease in restructuring related expenses, favorable changes in sales mix, lower charges related to obsolete and surplus inventory, transformation program cost savings, and other cost reduction efforts totaling $324 million. These impacts were partially offset by increased material costs, increased freight costs, increased labor incentives expense, investments to support research and development, as well as labor inflation totaling $190 million.

Our ADI Global Distribution business revenue increased 15% compared to 2020. Throughout 2021, the business continued its strong performance, achieving solid growth in the U.S. and Canada, including the impact from the 2020 Herman ProAV acquisition and 2021 acquisitions of Norfolk Wire & Electronics and Shoreview Distribution; as well as in EMEA, and through the expansion of key product lines. ADI Global Distribution accelerated the adoption of digital tools, which is reflected in strong e-commerce growth. Operating profit grew 38% compared to 2020, driven by sales volume, favorable sales mix, pricing, and productivity totaling $108 million, partially offset by commercial investments, and other cost inflation of $34 million.

Current Period Highlights

Net revenue increased $775 million, or 15% in 2021 compared to 2020, primarily due to volume and sales price increases. Gross profit increased 19% compared to 2020. Gross profit as a percent of net revenue increased to 27% in 2021 compared to 26% in 2020. The primary items driving the increase in gross profit percentage were an approximately 200 basis point ("bps") benefit from sales price increases and sales mix and an approximately 100 bps benefit resulting from higher revenue volume. These benefits were partially offset by an approximately 100 bps impact from increased freight costs and an approximately 100 bps impact from increased material costs.

Research and development expense for 2021 was $86 million, an increase of $9 million, or 12% from $77 million for 2020. The increase was driven by investments to support new product launches, labor inflation and other items totaling $17 million. These increases were partially offset by transformation program cost savings, lower restructuring related expenses, and other cost reductions totaling $8 million.

Selling, general and administrative expenses for the year ended December 31, 2021 was $916 million, a decrease of $9 million or 1% from $925 million for the year ended December 31, 2020. The decrease was driven by lower Spin-Off and restructuring related expenses, transformation program cost savings, and other cost reductions totaling $140 million. These decreases were partially offset by commercial investments, the pending securities class action litigation settlement net of insurance recoveries, increased labor incentives expense, foreign currency translation, impairment charges resulting from the relocation of our Austin, Texas corporate headquarters location to a lower cost site, increased stock-based compensation expense, and labor inflation and other items totaling $131 million.

Net income for 2021 was $242 million compared to $37 million for 2020, an increase of 554% year over year.

We ended 2021 with $779 million in cash and cash equivalents. Net cash provided by operating activities was $315 million for the year. At December 31, 2021, accounts receivable were $876 million, inventories were $740 million, accounts payable were $883 million, and there were no borrowings under our revolving credit facility.

Recent Developments

Amended and Restated Credit Facilities and Senior Notes

On February 12, 2021, we entered into an Amendment and Restatement Agreement (the "A&R Credit Agreement"). The A&R Credit Agreement provides for (i) a seven-year senior secured term B loan facility in an aggregate principal amount of $950 million (the "A&R Term B Facility") and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of $500 million (the "A&R Revolving Credit Facility" and, together with the Term Loan Facilities, the "A&R Senior Credit Facilities").

On February 16, 2021, we redeemed $140 million in principal amount of the Senior Notes at a redemption price of 106.125% of par plus accrued interest.

On August 26, 2021, we redeemed the remaining $260 million in principal amount of the Senior Notes due 2026 at a redemption price of 105.594% of par plus accrued interest and we issued $300 million in principal amount 4% senior unsecured notes due in 2029.

As a result of the Senior Notes redemption and the execution of the A&R Credit Agreement, debt extinguishment costs of $41 million were incurred in the year ended December 31, 2021 and recorded in Other expense, net.

COVID-19 Pandemic

The World Health Organization ("WHO") declared COVID-19 a pandemic in March 2020. The broader implications of COVID-19 on our results of operations and overall financial performance remain uncertain, as viruses constantly change through mutation, with new variants of the COVID virus occurring and expected to continue over time. As new information emerges it may have an impact on potential restrictions globally in areas including travel, freight, shipping and commercial operations. As there remains uncertainty around the impacts of the COVID-19 pandemic, we address and evaluate the impacts frequently. See "Item 1A. Risk Factors" of this Form 10-K for further discussion of the possible impact of the COVID-19 pandemic on our business.

U.S. and international government responses to the COVID-19 outbreak have included “shelter in place,” “stay at home” and similar types of orders. In the United States, Canada and certain other countries globally, these orders exempted certain products and services needed to maintain continuity of operations of critical infrastructure sectors as determined by the federal government. If additional lockdown orders are put in place or if any of the applicable exemptions are curtailed or revoked in the future, that could adversely impact our business, operating results, and financial condition. Furthermore, to the extent these exemptions do not extend to our key suppliers and customers, this could also adversely impact our business, operating results, and financial condition. Finally, we are incurring increased costs associated with other employee safety measures.

Our visibility toward future performance is more limited than is typical due to the uncertainty surrounding the duration and ultimate impact of COVID-19 and its variants, and the mitigation measures that are implemented by governmental authorities. We also expect business conditions to remain challenging, with global shortages in key materials and components, in certain instances impacting our ability to supply certain products, as well as labor shortages, materials price inflation, and increased freight costs. In response to these challenges, we will continue to focus on those factors that we can control: closely managing and controlling our expenses; aligning our production schedules with demand in a proactive manner as there are changes in market conditions to minimize our cash operating costs; and pursuing further improvements in the productivity and effectiveness of our manufacturing, selling and administrative activities.

Basis of Presentation

Our financial statements are presented on a consolidated basis (collectively, the “Consolidated Financial Statements”). The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Reclassification

The prior year Consolidated Statements of Operations were reclassified to present Research and development expenses as a separate line item within the statements. Research and development expenses were formerly included within Selling, general and administrative expenses.

Certain reclassifications have been made to prior period financial statements to conform to the classification adopted in the current period.

Components of Operating Results

Net Revenue

We manage our global business operations through two operating segments, Products & Solutions and ADI Global Distribution:

Products & Solutions: We generate the majority of our Products & Solutions net revenue primarily from residential end-markets. Our Products & Solutions segment includes traditional products, as well as connected products, which we define as any device with the capability to be monitored or controlled from a remote location by an end-user or service provider. Our products are sold through a network of HVAC, plumbing, security, and electrical distributors including our ADI Global Distribution business, OEMs, and service providers such as HVAC contractors, security dealers and plumbers. We also sell some products via retail and online channels.

ADI Global Distribution: We generate revenue through the distribution of low-voltage electronic and security products, as well as smart home, fire, power, audio and ProAV, networking, communications, wire and cable, and data communications that are delivered through a comprehensive network of professional contractors, distributors and OEMs, as well as major retailers and online merchants. In addition to our own security products, ADI Global Distribution distributes products from industry-leading manufacturers and carries a line of private label products. We sell these products to contractors that service non-residential and residential end-users. 14% of ADI Global Distribution’s net revenue is supplied by our Products & Solutions Segment. Management estimates that in 2021 approximately two-thirds of ADI Global Distribution’s net revenue was attributed to non-residential end markets and one-third to residential end markets.

Cost of Goods Sold

Products & Solutions: Cost of goods sold includes costs associated with raw materials, assembly, shipping and handling of those products, costs of personnel-related expenses, equipment associated with manufacturing support, logistics and quality assurance, non-research and development engineering costs, and costs of certain intangible assets.

ADI Global Distribution: Cost of goods sold consists primarily of inventory-related costs and includes labor and personnel-related expenses.

Research and Development Expense

Research and development expense includes expenses related to development of new products as well as enhancements and improvements to existing products that substantially change the product. These expenses are primarily related to employee compensation and consulting fees.

Selling, General and Administrative Expense

Selling, general and administrative expense includes trademark royalty expenses, sales incentives and commissions, professional fees, legal fees, promotional and advertising expenses, personnel-related expenses, including stock compensation expense and pension benefits.

Other Expense, Net

Other expense, net consists primarily of Reimbursement Agreement expenses. For further information see Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements for discussion of the Reimbursement Agreement. Other expense, net also includes debt extinguishment costs incurred as a result of the redemption of our Senior Notes due 2026 and the execution of the A&R Credit Agreement as well as foreign exchange gains and losses and other non-operating related expenses or income.

Interest Expense

Interest expense consists of interest on our short and long-term obligations, including our senior notes, term credit facilities, and revolving credit facilities, and any realized gains or losses from our interest rate swaps. Interest expense on our obligations includes contractual interest, amortization of the debt discount and amortization of deferred financing costs.

Tax Expense

Provision for income taxes includes both domestic and foreign income taxes at the applicable statutory tax rates adjusted for U.S. taxation of foreign earnings, non-deductible expenses and other permanent differences.

Results of Operations

The following table sets forth our Consolidated Statements of Operations for the periods presented:

Consolidated Statements of Operations
(In millions except share and per share data)

	Years Ended December 31,		
	2021	2020	2019
Net revenue	$ 5,846	$ 5,071	$ 4,988
Cost of goods sold	4,285	3,758	3,711
Gross profit	1,561	1,313	1,277
Research and development expenses	86	77	87
Selling, general and administrative expenses	916	925	932
Operating profit	559	311	258
Other expense, net	158	147	118
Interest expense	48	63	69
Income before taxes	353	101	71
Tax expense	111	64	35
Net income	$ 242	$ 37	$ 36
Weighted Average Number of Common Shares Outstanding (in thousands)			
Basic	144,036	125,348	122,722
Diluted	148,448	126,324	123,238
Earnings Per Share			
Basic	$ 1.68	$ 0.30	$ 0.29
Diluted	$ 1.63	$ 0.29	$ 0.29

A detailed discussion of the prior year 2020 to 2019 year-over-year changes are not included herein and can be found in the Management's Discussion and Analysis of Financial Condition and Results of Operations section in the 2020 Annual Report on Form 10-K filed February 25, 2021.

The following discussions of year-over-year changes represent 2021 compared to 2020.

Net Revenue

	Years Ended December 31,	
	2021	2020
Net revenue	$ 5,846	$ 5,071
% change compared with prior period	15%	2%

Net revenue for the year ended December 31, 2021 was $5,846 million, an increase of $775 million, or 15% from the year ended December 31, 2020, which was negatively impacted by the emergence of COVID-19. The increase is mainly due to volume and sales price increases.

A discussion of net revenue by segment can be found in the Review of Business Segments section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cost of Goods Sold

	Years Ended December 31,	
	2021	2020
Cost of goods sold	$ 4,285	$ 3,758
% change compared with prior period	14%	1%
Gross profit percentage	27%	26%

Cost of goods sold for the year ended December 31, 2021 was $4,285 million, an increase of $527 million, or 14%, from $3,758 million for the year ended December 31, 2020. This increase in cost of goods sold was driven by higher revenue volumes, increased material costs, increased freight costs, foreign currency translation, and labor inflation totaling $650 million. These increased costs were partially offset by favorable changes in sales mix, lower charges related to obsolete and surplus inventory, decreased restructuring related costs, transformation programs cost savings, and other cost savings totaling $123 million.

Gross profit percentage was 27% for the year ended December 31, 2021, compared to 26% for the year ended December 31, 2020. The primary items driving the increase in gross profit percentage were an approximately 200 bps benefit from sales price increases and sales mix and an approximately 100 bps benefit resulting from higher revenue volume. These benefits were partially offset by an approximately 100 bps unfavorable impact from increased freight costs and an approximately 100 bps unfavorable impact from increased material costs.

Research and Development Expense

	Years Ended December 31,	
	2021	2020
Research and development expenses	$ 86	$ 77
% of revenue	1%	2%

Research and development expense for the year ended December 31, 2021 was $86 million, an increase of $9 million, or 12%, from $77 million for the year ended December 31, 2020. The increase was driven by investments to support new product launches, labor inflation and other items totaling $17 million. These increases were partially offset by transformation program cost savings, lower restructuring related expenses, and other costs reductions totaling $8 million.

Selling, General and Administrative Expense

	Years Ended December 31,	
	2021	2020
Selling, general and administrative expense	$ 916	$ 925
% of revenue	16%	18%

Selling, general and administrative expense for the year ended December 31, 2021 was $916 million, a decrease of $9 million, or 1%, from $925 million for the year ended December 31, 2020. The decrease was driven by lower Spin-Off and restructuring related expenses, transformation program cost savings, and other cost reductions totaling $140 million. These decreases were partially offset by commercial investments, the pending securities class action litigation settlement net of insurance recoveries, increased labor incentives expense, foreign currency translation, impairment charges resulting from the relocation of our Austin, Texas corporate headquarters location to a lower cost site, increased stock-based compensation expense, and labor inflation and other items totaling $131 million.

Other Expense, Net

	Years Ended December 31,	
	2021	2020
Other expense, net	$ 158	$ 147

Other expense, net for the year ended December 31, 2021 was $158 million, an increase of $11 million, or 7%, from $147 million for the year ended December 31, 2020. Other expense, net increased $41 million from debt extinguishment costs incurred as a result of the redemption of our Senior Notes due 2026 and the execution of the A&R Credit Agreement and $2 million in other non-operating expense, partially offset by an $11 million decrease in non-operating pension related expense, a $9 million reduction in the accruals related to the Tax Matters Agreement, an $8 million gain in sales of businesses, and $4 million of favorable foreign exchange impact.

Tax Expense

	Years Ended December 31,	
	2021	2020
Tax expense	$ 111	$ 64
Effective tax rate	31%	64%

Our effective income tax rate is impacted by the mix of earnings across jurisdictions in which we operate, by U.S. taxation of foreign earnings, and by non-deductible expenses. Indemnification costs paid under the Reimbursement Agreement are generally non-deductible expenses for U.S. federal income tax purposes.

Income tax expense of $111 million in 2021 includes $1 million of discrete tax expense. Excluding discrete tax expense of $1 million, the overall effective tax rate was 30%.

Income tax expense increased in fiscal 2021 primarily due to an increase in pre-tax earnings. The decrease in the overall effective tax rate for 2021 is primarily driven by the effect higher earnings, compared with the prior year, have on the tax rate impact of non-deductible indemnification costs.

Review of Business Segments

Products & Solutions

	2021	2020	% Change
Total revenue	$ 2,841	$ 2,488	
Less: Intersegment revenue	373	367	
External revenue	2,468	2,121	16%
Operating profit	$ 541	$ 407	33%
Operating profit percentage	22%	19%	

Products & Solutions revenue increased 16% mainly due to increased volume driven by strong growth across all business lines as well as sales price increases. Operating profit increased from $407 million to $541 million or 33%. Operating profit increased 33% and was positively impacted by higher revenue, a decrease in restructuring related expenses, favorable changes in sales mix, lower charges related to obsolete and surplus inventory, transformation program cost savings, and other cost reduction efforts totaling $324 million. These impacts were partially offset by increased material costs, increased freight costs, increased labor incentives expense, investments to support research and development, as well as labor inflation totaling $190 million.

ADI Global Distribution

	2021	2020	% Change
External revenue	$ 3,378	$ 2,950	15%
Operating profit	$ 268	$ 194	38%
Operating profit percentage	8%	7%	

ADI Global Distribution revenue increased 15%, highlighted by strong growth in the U.S. and Canada, as well as EMEA. Operating profit increased 38% and was favorably impacted by favorable changes in sales mix, higher revenue, and other expense productivity totaling $108 million. These positive impacts were partially offset by commercial investments, increased freight costs, and increased labor incentives expense, as well as labor inflation totaling $34 million.

Corporate

	2021	2020	% Change
Corporate costs	$ 250	$ 290	14%

Corporate costs for 2021 were $250 million, a decrease of $40 million, or 14%, from $290 million in 2020.The decrease was driven by lower Spin-Off and restructuring related expenses, transformation programs cost savings, and other cost reductions totaling $95 million. These decreases were partially offset by the pending securities class action litigation settlement net of insurance recoveries, increased consulting expense, impairment charges resulting from the relocation of our Austin, Texas corporate headquarters location to a lower cost site, increased labor incentives expense, increased stock-based compensation expense, foreign currency translation, and labor inflation totaling $55 million.

Capital Resources and Liquidity

Our liquidity is primarily dependent on our ability to continue to generate positive cash flows from operations, supplemented by external sources of capital as needed. Additional liquidity may also be provided through access to the financial capital markets and a committed global credit facility. The following is a summary of our liquidity position:

- As of December 31, 2021, total cash and cash equivalents were $779 million, of which 25% were held by foreign subsidiaries. At December 31, 2021, there were no borrowings and no letters of credit issued under our $500 million Revolving Credit Facility.
- Historically, we have delivered positive cash flows from operations. Operating cash flows from continuing operations were $315 million, $244 million and $23 million for the three years ended December 31, 2021, 2020 and 2019, respectively.

Liquidity

Our future capital requirements will depend on many factors, including the rate of sales growth, market acceptance of our products, the timing and extent of research and development projects, potential acquisitions of companies or technologies and the expansion of our sales and marketing activities. While we may elect to seek additional funding at any time, we believe our existing cash, cash equivalents and availability under our credit facilities are sufficient to meet our capital requirements through at least the next 12 months and the longer term. We may enter into acquisitions or strategic arrangements in the future which also could require us to seek additional equity or debt financing.

On February 6, 2022, we entered into an Equity Purchase Agreement to acquire First Alert, Inc. a leading provider of home safety products, for $593 million. The acquisition is subject to customary closing conditions, including regulatory approvals, and is anticipated to be completed in our first quarter of 2022. We intend to fund this acquisition with a combination of cash on hand, and incremental borrowings under our term loan facility. For additional information see Note 23. Subsequent Events of Notes to Consolidated Financial Statements.

Credit Agreement

On February 12, 2021, we entered into an Amendment and Restatement Agreement with JP Morgan Chase Bank N.A. as administrative agent (the “A&R Credit Agreement”). This agreement effectively replaced our previous senior secured credit facilities.

See Note 18. Long-Term Debt of Notes to Consolidated Financial Statements for further discussion.

Senior Notes due 2029

On August 26, 2021, we issued $300 million in principal amount 4% senior unsecured notes due in 2029 (the “Senior Notes due 2029”). The Senior Notes due 2029 are senior unsecured obligations of Resideo guaranteed by Resideo’s existing and future domestic subsidiaries and rank equally with all of Resideo’s senior unsecured debt and senior to all of Resideo’s subordinated debt.

See Note 18. Long-Term Debt of Notes to Consolidated Financial Statements for further discussion.

Reimbursement Agreement

In connection with the Spin-Off, we entered into the Reimbursement Agreement, pursuant to which we have an obligation to make cash payments to Honeywell in amounts equal to 90% of payments for certain Honeywell environmental-liability payments, which include amounts billed, less 90% of Honeywell's net insurance receipts relating to such liabilities, and less 90% of the net proceeds received by Honeywell in connection with (i) affirmative claims relating to such liabilities, (ii) contributions by other parties relating to such liabilities and (iii) certain property sales. The amount payable by us in respect of such liabilities arising in any given year is subject to a cap of $140 million. During 2020 and 2021, we entered into amendments with Honeywell. See Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements of this Form 10-K for a further discussion of the Reimbursement Agreement and amendments. The amount paid during the year ended December 31, 2021 was $140 million.

See Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements for further discussion.

Cash Flow Summary for the Years Ended December 31, 2021, 2020 and 2019

Our cash flows from operating, investing and financing activities for the years ended December 31, 2021, 2020 and 2019, as reflected in the audited Consolidated Financial Statements are summarized as follows:

	Years Ended December 31,		
	2021	**2020**	**2019**
Cash provided by (used for):			
Operating activities	$ 315	$ 244	$ 23
Investing activities	(65)	(103)	(112)
Financing activities	20	253	(53)
Effect of exchange rate changes on cash	(8)	1	(1)
Net increase (decrease) in cash and cash equivalents	$ 262	$ 395	$ (143)

2021 compared with 2020

Cash provided by operating activities for 2021 increased by $71 million, due to higher earnings, offset by an increase in working capital balances as accounts receivable balances were higher due to strong revenue growth, inventories were higher due to higher costs and volumes required to support higher revenues, and lower accounts payable attributable to managing vendor supply chain issues and the timing of certain vendor payments.

Cash used for investing activities for 2021 decreased by $38 million, primarily due to a 2021 decrease of $24 million cash paid for acquisitions compared to 2020, a $7 million decrease in capital expenditures, and a $7 million decrease in other investing activities.

Cash provided by financing activities for 2021 decreased by $233 million. The decrease was primarily due to $279 million of net proceeds from the issuance of common stock received in 2020, partially offset by $31 million of net proceeds resulting from the A&R Credit Agreement and redemption of the Senior Notes due 2026, $14 million of decreased debt repayments, and $1 million of other financing activities.

Contractual Obligations and Probable Liability Payments

Our material cash requirements include the following contractual obligations.

Long-term debt and interest payments

As of December 31, 2021, remaining maturities on our notes and term loan were $1,230 million, with $10 million payable within 12 months. See Note 18. Long-term Debt and Credit Agreement to Notes to Consolidated

Financial Statements for more information about our debt and the timing of expected future principal and interest payments.

Reimbursement Agreement Payments

In connection with the Spin-Off, we entered into the Reimbursement Agreement with Honeywell. As of December 31, 2021, $597 million was deemed probable and reasonably estimable, however, it is possible we could pay $140 million per year (exclusive of any late payment fees up to 5% per annum) until the earlier of: (1) December 31, 2043; or (2) December 31 of the third consecutive year during which the annual reimbursement obligation (including in respect of deferred payment amounts) has been less than $25 million. For further discussion on the Reimbursement Agreement refer to Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements.

Environmental Liability Payments

We make environmental liability payments for sites which we own and are directly responsible for. As of December 31, 2021, $22 million was deemed probable and reasonably estimable.

Operating Leases

We have operating lease arrangements for the majority of our manufacturing sites, offices, engineering and lab sites, stocking locations, warehouses, automobiles, and certain equipment. As of December 31, 2021, we had operating lease payment obligations of $179 million, with $39 million payable within 12 months.

Purchase obligations

We enter into purchase obligations with various vendors in the normal course of business. As of December 31, 2021, we had purchase obligations of $103 million, with $34 million payable within 12 months.

Capital Expenditures

We believe our capital spending in recent years has been sufficient to maintain efficient production capacity, to implement important product and process redesigns and to expand capacity to meet increased demand. Productivity projects have freed up capacity in our manufacturing facilities and are expected to continue to do so. We expect to continue investing to expand and modernize our existing facilities and to create capacity for new product development.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financial arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, net revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

The preparation of our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America is based on the selection and application of accounting policies that require us to make significant estimates and assumptions about the effects of matters that are inherently uncertain. We consider the accounting policies discussed below to be critical to the understanding of our Consolidated Financial Statements. Actual results could differ from our estimates and assumptions, and any such differences could be material to our Consolidated Financial Statements. As there remains uncertainty around the impacts of the COVID-19 pandemic, we intend to address and evaluate the impacts frequently. See Note 2. Summary of Significant Accounting Policies of Notes to Consolidated Financial Statements of this Form 10-K for a discussion of the accounting policies.

Revenue — Product and service revenues are recognized when we transfer control of the promised products or services to the customer, in an amount we expect to receive in exchange for transferring goods or providing services. Each distinct performance obligation within a contract is identified, and a contract’s transaction price is then allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

In the sale of products, the terms of a contract or the historical business practice can give rise to variable consideration due to, but not limited to, discounts, rebates, and the right of return. We estimate variable consideration at the most likely amount that will be received from customers and reduces revenues recognized accordingly. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

Reimbursement Agreement — In connection with the Spin-Off, we entered into the Reimbursement Agreement further described in the Capital Resources and Liquidity section.

Through the Reimbursement Agreement, we are subject to a number of environmental claims, remediation and potential, hazardous exposure or toxic tort claims. We continually assess the likelihood of any adverse judgments or outcomes related to the Reimbursement Agreement, as well as potential amounts or ranges of probable losses, and recognize a liability, if any, for these contingencies based on a thorough analysis of each matter with the assistance of outside legal counsel and Honeywell, and, if applicable, other experts. Such analysis includes making judgments concerning matters such as the costs associated with environmental matters, the outcome of negotiations, the number and cost of pending and future claims related to the sites covered by the Reimbursement Agreement, and the impact of evidentiary requirements. Because most contingencies are resolved over long periods of time, we do not currently possess sufficient information to reasonably estimate the amounts of the Reimbursement Agreement liabilities to be recorded upon future completion of studies, litigations or settlements, and neither the timing nor the amount of the ultimate costs associated with environmental matters can be determined. Expenses related to the indemnification are presented within Other expense, net in the Consolidated Statements of Operations. See Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements for a discussion of management's judgment applied in the recognition and measurement of our environmental liabilities.

Goodwill — We perform goodwill impairment testing annually on the first day of the fourth quarter of each year or more frequently if indicators of potential impairment exist. The goodwill impairment test is performed at the reporting unit level. We have two reporting units, Products & Solutions and ADI Global Distribution. In determining if goodwill is impaired, we compare the fair value of a reporting unit with its' carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value provided the loss recognized does not exceed the total amount of goodwill allocated to that reporting unit. As of December 31, 2021, the Products & Solutions and ADI Global Distribution reporting units had estimated fair values in excess of carrying value of at least 90% and 20%, respectively, and we concluded that our goodwill was not impaired as of the 2021 annual impairment test.

For the 2021 annual impairment test, we determined the fair value of each reporting unit using a weighting of fair values derived from the income approach and the market approach. Under the income approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of operating results, taking into consideration industry and market conditions. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the business's ability to execute on the projected cash flows. The terminal value is estimated using a constant growth method which requires an assumption about the expected long-term growth rate. The estimates are based on historical data and experience, industry projections, economic conditions, and management's expectations. Under the market approach, we estimate the fair value based on market multiples of cash flow and earnings derived from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit and considering a reasonable control premium. The weight assigned to the multiples requires judgement in qualitatively and quantitatively evaluating the size, profitability, and the nature of the business activities of the reporting units as compared to the comparable publicly traded companies. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates.

We believe the estimates and assumptions used in the calculations are reasonable. In addition, the extent to which COVID-19 may adversely impact our business depends on future developments, which are uncertain and unpredictable, depending upon the severity and duration of the outbreak, and the effectiveness of actions taken globally to contain or mitigate its effects. Any resulting financial impact cannot be reasonably estimated at this time but may adversely affect our business and financial results. It is possible that into 2022, macroeconomic conditions may have unexpected impacts on our business. If there was an adverse change in facts and circumstances, then an impairment charge may be necessary in the future. Should the fair value of the Company's reporting units fall below its carrying amount because of reduced operating performance, market declines, changes in the discount rate, or other conditions, charges for impairment may be necessary. The Company monitors its reporting units to determine if there is an indicator of potential impairment.

Income Taxes — We utilize the asset and liability approach in accounting for income taxes. We recognize income taxes in each of the jurisdictions in which we have a presence. For each jurisdiction, we estimate the actual amount of income taxes currently payable or receivable, as well as deferred tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax benefits of net operating loss and credit carryforwards are also recognized as deferred tax assets. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which they are expected to be realized. We evaluate the recoverability of our deferred tax assets each quarter by assessing the likelihood of future profitability and available tax planning strategies that could be implemented to realize our net deferred tax assets.

At December 31, 2021, we recorded net deferred tax assets of $57 million. The assets included $49 million for the value of net operating loss and credit carryforwards. A valuation allowance of $63 million was recorded to reduce the tax assets to the net value management believed was more likely than not to be realized. In the event our operating performance deteriorates, future assessments could conclude that a larger valuation allowance will be needed to further reduce deferred tax assets.

In addition, we operate within multiple taxing jurisdictions and are subject to tax audits in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve. We accrue for the estimated additional tax and interest that may result from tax authorities disputing uncertain tax positions. We believe we made adequate provisions for income taxes for all years that are subject to audit based upon the latest information available. The Company maintains a reserve for uncertain tax benefits that are currently unresolved and routinely monitors the potential impact of such situations. The liability for unrecognized tax benefits, accrued interest and penalties was $16 million as of December 31, 2021.

Pension — We have defined benefit plans covering certain employees. The benefits are accrued over the employees' service periods. We use actuarial methods and assumptions in the valuation of defined benefit obligations and the determination of net periodic pension income or expense. Differences between actual and expected results or changes in the value of defined benefit obligations and plan assets, if any, are not recognized in earnings as they occur but rather systematically over subsequent periods when net actuarial gains or losses are in excess of 10% of the greater of the fair value of plan assets or the plan's projected benefit obligation.

A 25 basis point increase in the discount rate would result in a decrease of approximately $3 million to the net periodic benefit cost for 2021, while a 25 basis point decrease in the discount rate would result in an increase of approximately $3 million. The resulting impact on the pension benefit obligation would be a decrease of $20 million and an increase of $22 million, respectively.

Other Matters

Litigation, Environmental Matters and the Reimbursement Agreement

See Note 17. Commitments and Contingencies of Notes to Consolidated Financial Statements for a discussion of environmental and other litigation matters.

Recent Accounting Pronouncements

See Note 2. Summary of Significant Accounting Policies of Notes to Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Cautionary Statement Concerning Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about our industries and our business and financial results. Forward-looking statements often include words such as "anticipates," "estimates," "expects," "projects," "forecasts," "intends," "plans," "continues," "believes," "may," "will," "goals" and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Although we believe that the forward-looking statements contained in this Form 10-K are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including but not limited to:

- competition from other companies in our markets and segments, as well as in new markets and emerging markets;
- our ability to successfully develop new technologies and products and develop and protect the intellectual property related to the same and to defend against IP threats of others;
- inability to obtain necessary product components, production equipment or replacement parts;
- the impact of pandemics, epidemics, natural disasters and other public health emergencies, such as COVID-19;
- failure to achieve and maintain a high level of product and service quality;
- inability to compete in the market for potential acquisitions;
- inability to consummate acquisitions on satisfactory terms or to integrate such acquisitions effectively;
- our ability to retain or expand relationships with significant customers;
- dependence upon information technology infrastructure having adequate cyber-security functionality;
- economic, political, regulatory, foreign exchange and other risks of international operations, including the impact of tariffs;
- changes in prevailing global and regional economic conditions;
- our failure to execute on key business transformation programs and activities;
- the failure to increase productivity through sustainable operational improvements;
- fluctuation in financial results due to the seasonal nature of portions of our business;
- our ability to recruit and retain qualified personnel;
- labor disputes, work stoppages, other disruptions, or the need to relocate any of our facilities;
- changes in legislation or government regulations or policies;
- the significant failure or inability to comply with the specifications and manufacturing requirements of our original equipment manufacturers ("OEMs") customers;
- the operational constraints and financial distress of third parties;
- our ability to borrow funds and access capital markets;
- the amount of our obligations and nature of our contractual restrictions pursuant to, and disputes that have or may hereafter arise under, the Reimbursement Agreement and the other agreements we entered into with Honeywell in connection with the Spin-Off;
- our reliance on Honeywell for the Honeywell Home trademark;
- potential material environmental liabilities;
- our inability to maintain intellectual property agreements necessary to our business;
- potential material costs as a result of warranty claims, including product recalls, and product liability actions that may be brought against us;
- potential material litigation matters; including the Securities Litigation described in this Form 10-K;
- unforeseen U.S. federal income tax and foreign tax liabilities; and
- certain factors discussed elsewhere in this Form 10-K.

Any forward-looking statements made by us in this Form 10-K speak only as of the date on which they are made. We are under no obligation to and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments.

Interest Rate Risk

As of December 31, 2021, $943 million of our total debt, excluding unamortized deferred financing costs, of $1,243 million carried variable interest rates. In March 2021, eight interest rate swap agreements were entered into with various financial institutions for a combined notional amount of $560 million ("the Swap Agreements"). The Swap Agreements effectively converted a portion of our variable interest rate obligations based on three-month LIBOR with a minimum rate of 0.50% per annum to a base fixed weighted average rate of 0.9289% over a term of three to five years. For more information on the Swap Agreements, see Note 19. Derivative Instruments of Notes to Consolidated Financial Statements of this Form 10-K. The fair market value of our fixed-rate financial instruments and Swap Agreements are sensitive to changes in interest rates. At December 31, 2021, an increase in interest rate by 100 basis points would have an approximate $4 million impact on our annual interest expense, while a decrease in interest rate is not possible due to the interest rate floor on our variable rate debt.

Foreign Currency Exchange Rate Risk

We are exposed to market risks from changes in currency exchange rates. While we primarily transact with customers in the U.S. Dollar, we also transact in foreign currencies, primarily including the Euro, Canadian Dollar, British Pound, Indian Rupee, and Mexican Peso. These exposures may impact total assets, liabilities, future earnings and/or operating cash flows. Our exposure to market risk for changes in foreign currency exchange rates arises from transactions arising from international trade, foreign currency denominated monetary assets and liabilities, and international financing activities between subsidiaries. We rely primarily on natural offsets to address our exposures and may supplement this approach from time to time by entering into forward and option hedging contracts. As of December 31, 2021, we have no outstanding hedging arrangements.

Commodity Price Risk

While we are exposed to commodity price risk, we attempt to pass through significant changes in component and raw material costs to our customers. In limited situations, we may not be fully compensated for such changes in costs.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Resideo Technologies, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Resideo Technologies, Inc. (the "Company") as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 15, 2022, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
February 15, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Resideo Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Resideo Technologies, Inc. (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, cash flow, and equity, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Honeywell Reimbursement Agreement—Refer to Note 17 to the financial statements

Critical Audit Matter Description

In connection with the Spin-Off, the Company entered into the Honeywell Reimbursement Agreement (the "Reimbursement Agreement"), pursuant to which the Company has an obligation to make cash payments to Honeywell with respect to certain environmental claims associated with specified properties contaminated through historical business operations. The Company's obligation is equal to 90% of payments for certain Honeywell environmental liability payments, less 90% of Honeywell's net insurance receipts, plus certain other recoveries relating to such liabilities, as defined by the Reimbursement Agreement. The amount payable by the Company under this agreement is subject to an annual limit of $140 million.

The Company records its obligation under the Reimbursement Agreement based on the underlying environmental remediation liabilities of specified Honeywell sites which are recorded when a remediation liability is determined to be probable, and the related costs can be reasonably estimated. The determination of the amount of future costs associated with environmental remediation requires judgments and estimates by management. Furthermore, information the Company uses to evaluate the estimates is obtained from Honeywell under the terms of the Reimbursement Agreement.

Given the subjectivity in estimating the remediation costs for environmental matters and judgments made by management related to those estimates, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions requires a high degree of auditor judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's obligation under the Reimbursement Agreement and evaluation of the Company's evidence supporting its estimates included the following, among others:

- We tested the effectiveness of controls related to remediation costs for environmental matters, including management's controls over the recording of and changes to the liability for the Company's obligations under the Reimbursement Agreement.
- We read the Reimbursement Agreement and evaluated the Company's compliance with it to the extent it has the potential to affect the Company's related liability.
- We performed searches of third-party sources to identify potential liabilities related to the specified sites that may not have been included in the estimates.
- We tested the completeness and accuracy of the recognition of the Company's liability for obligations under the Reimbursement Agreement through the following procedures:
  - For a selection of incremental charges to the Honeywell Environmental liability (increases), obtained supporting documentation related to the valuation of the liability from management, including, but not limited to, regulatory records of decision, feasibility studies, and third-party engineering estimates.
  - For a selection of payments related to the Honeywell Environmental liability (decreases), obtained supporting documentation related to the original invoice and proof of payment.
  - Made inquiries of internal and external legal counsel regarding environmental matters.
  - Performed searches of public domain sources to identify new remediation sites attributable to the Company or any additional remediation activities required by federal, state, or international authorities that may not have been included in the estimates.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
February 15, 2022

We have served as the Company's auditor since 2018.

RESIDEO TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions except share and per share data)

	Years Ended December 31,		
	2021	2020	2019
Net revenue	$ 5,846	$ 5,071	$ 4,988
Cost of goods sold	4,285	3,758	3,711
Gross profit	1,561	1,313	1,277
Research and development expenses	86	77	87
Selling, general and administrative expenses	916	925	932
Operating profit	559	311	258
Other expense, net	158	147	118
Interest expense	48	63	69
Income before taxes	353	101	71
Tax expense	111	64	35
Net income	242	37	36
Weighted Average Number of Common Shares Outstanding (in thousands)			
Basic	144,036	125,348	122,722
Diluted	148,448	126,324	123,238
Earnings Per Share			
Basic	$ 1.68	$ 0.30	$ 0.29
Diluted	$ 1.63	$ 0.29	$ 0.29

The Notes to Consolidated Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2021	2020	2019
Net income	$ 242	$ 37	$ 36
Other comprehensive income (loss), net of tax			
Foreign exchange translation adjustment	(57)	63	(2)
Pension actuarial gain	32	(15)	(3)
Changes in fair value of effective cash flow hedges	6	-	-
Total other comprehensive income (loss), net of tax	(19)	48	(5)
Comprehensive income	$ 223	$ 85	$ 31

The Notes to Consolidated Financial Statements are an integral part of these statements.

RESIDEIO TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except number of shares which are reflected in thousands and par value)

	December 31,	
	2021	**2020**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 779	$ 517
Accounts receivable – net	876	863
Inventories – net	740	672
Other current assets	146	173
Total current assets	2,541	2,225
Property, plant and equipment – net	287	318
Goodwill	2,661	2,691
Other assets	364	376
Total assets	$ 5,853	$ 5,610
LIABILITIES		
Current liabilities:		
Accounts payable	$ 883	$ 936
Current maturities of debt	10	7
Accrued liabilities	601	595
Total current liabilities	1,494	1,538
Long-term debt	1,220	1,155
Obligations payable under Indemnification Agreements	585	590
Other liabilities	302	334
COMMITMENTS AND CONTINGENCIES (Note 17)		
EQUITY		
Common stock, $0.001 par value, 700,000 shares authorized, 146,248 and 144,808 shares issued and outstanding as of December 31, 2021, 143,959 and 143,059 shares issued and outstanding as of December 31, 2020, respectively	-	-
Additional paid-in capital	2,121	2,070
Treasury stock, at cost	(21)	(6)
Retained earnings	317	75
Accumulated other comprehensive loss	(165)	(146)
Total equity	2,252	1,993
Total liabilities and equity	$ 5,853	$ 5,610

The Notes to Consolidated Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(In millions)

	Years Ended December 31,		
	2021	2020	2019
Cash flows provided by (used for) operating activities:			
Net income	$ 242	$ 37	$ 36
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	88	86	80
Stock compensation expense	39	29	25
Deferred income taxes	6	22	(25)
Loss on extinguishment of debt	41	-	-
Other	3	21	18
Changes in assets and liabilities, net of acquired companies:			
Accounts receivable	(30)	(27)	7
Inventories – net	(73)	19	(44)
Other current assets	27	5	(53)
Other assets	2	-	(15)
Accounts payable	(42)	(1)	(38)
Accrued liabilities	14	31	28
Obligations payable under Indemnification Agreements	(5)	(4)	(35)
Other liabilities	3	26	39
Net cash provided by operating activities	315	244	23
Cash flows (used for) provided by investing activities:			
Expenditures for property, plant, equipment and other intangibles	(63)	(70)	(95)
Cash paid for acquisitions, net of cash acquired	(11)	(35)	(17)
Other	9	2	-
Net cash used for investing activities	(65)	(103)	(112)
Cash flows provided by (used for) financing activities:			
Proceeds from long-term debt	1,250	-	-
Repayment of long-term debt	(1,188)	(22)	(22)
Issuance of common stock through public offering, net of issuance cost	-	279	-
Payment of debt facility issuance and modification costs	(39)	-	(4)
Other	(3)	(4)	(27)
Net cash provided by (used for) financing activities	20	253	(53)
Effect of foreign exchange rate changes on cash and cash equivalents	(8)	1	(1)
Net increase (decrease) in cash and cash equivalents	262	395	(143)
Cash and cash equivalents at beginning of year	517	122	265
Cash and cash equivalents at end of year	$ 779	$ 517	$ 122
Supplemental Cash Flow Information:			
Interest paid	$ 39	$ 57	$ 72
Income taxes paid (net of refunds)	$ 107	$ 32	$ 86

The Notes to Consolidated Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In millions, shares in thousands)

	Common Shares	Treasury Shares	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance at January 1, 2019	122,499	468	$ -	$ -	$ 1,720	$ 2	$ (189)	$ 1,533
Net income	-	-	-	-	-	36	-	36
Other comprehensive (loss), net of tax	-	-	-	-	-	-	(5)	(5)
Issuance of common stock under stock-based compensation plans, net of shares withheld for employee taxes	374	147	-	(3)	-	-	-	(3)
Stock-based compensation	-	-	-	-	25	-	-	25
Adjustments due to Spin-Off	-	-	-	-	16	-	-	16
Balance at December 31, 2019	122,873	615	-	(3)	1,761	38	(194)	1,602
Net income	-	-	-	-	-	37	-	37
Other comprehensive income, net of tax	-	-	-	-	-	-	48	48
Issuance of common stock under stock-based compensation plans, net of shares withheld for employee taxes	636	285	-	(3)	1	-	-	(2)
Stock-based compensation	-	-	-	-	29	-	-	29
Issuance of common stock through public offering, net of issuance costs	19,550	-	-	-	279	-	-	279
Balance at December 31, 2020	143,059	900	-	(6)	2,070	75	(146)	1,993
Net income	-	-	-	-	-	242	-	242
Other comprehensive (loss), net of tax	-	-	-	-	-	-	(19)	(19)
Issuance of common stock under stock-based compensation plans, net of shares withheld for employee taxes	1,749	540	-	(15)	12	-	-	(3)
Stock-based compensation	-	-	-	-	39	-	-	39
Balance at December 31, 2021	144,808	1,440	$ -	$ (21)	$ 2,121	$ 317	$ (165)	$ 2,252

The Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1. Organization, Operations and Basis of Presentation

Business Description

Resideo Technologies, Inc. ("Resideo" or "the Company"), is a leading manufacturer and developer of technology-driven products that provide critical comfort, residential thermal and security solutions to homes globally. The Company is also the leading wholesale distributor of low-voltage security products including intrusion, access control and video products and participates significantly in the broader related markets of smart home, fire, power, audio, ProAV, networking, communications, wire and cable, and data communications. The Company has a global footprint serving commercial and residential end markets.

The Company was incorporated in Delaware on April 24, 2018. The Company separated from Honeywell International Inc. ("Honeywell") on October 29, 2018, becoming an independent publicly traded company as a result of a pro rata distribution of the Company's common stock to shareholders of Honeywell (the "Spin-Off").

Basis of Presentation

The Company's financial statements are presented on a consolidated basis (collectively, the "Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany transactions have been eliminated for all periods presented.

The Company reports financial information on a fiscal quarter basis using a "modified" 4-4-5 calendar (modified in that the fiscal year always begins on January 1 and ends on December 31) that requires its businesses to close their first, second and third quarter books on a Saturday in order to minimize the potentially disruptive effects of quarterly closing on business processes. The effects of this practice are generally not significant to reported results for any quarter and only exist within a reporting year. In the event that differences in closing dates are material to year-over-year comparisons of quarterly or year-to-date results, the Company will provide appropriate disclosures.

Reclassification

The prior year Consolidated Statements of Operations were reclassified to present research and development expenses as a separate line item within the statements. Research and development expenses were formerly included within Selling, general and administrative expenses. Certain reclassifications have been made to the prior period financial statements to conform to the classification adopted in the current period.

Issuance of Common Stock through Public Offering

On November 17, 2020, the Company entered into an underwriting agreement (the "Underwriting Agreement") which provided for the offer and sale by the Company of 17,000,000 shares of common stock of the Company at the public offering price of $15.00 per share (the "Offering"). The Offering closed on November 20, 2020. On December 14, 2020, the Company completed the closing of the exercise of the underwriters' option to purchase an additional 2,550,000 shares of common stock of the Offering price of $15.00 per share as allowed in the Underwriting Agreement. The Company received net proceeds of approximately $279 million, after deducting underwriting discounts of $13 million and offering expenses payable by the Company of $1 million.

Note 2. Summary of Significant Accounting Policies

Accounting Principles—The financial statements and accompanying notes are prepared in accordance with U.S. GAAP. The following is a description of Resideo's significant accounting policies.

Principles of Consolidation—The Consolidated Financial Statements include the accounts of Resideo Technologies, Inc. and all of its subsidiaries in which a controlling interest is maintained. All intercompany transactions and balances are eliminated in consolidation.

Cash and Cash Equivalents—Cash and cash equivalents include cash on hand and highly liquid investments having an original maturity of three months or less.

Accounts Receivables and Allowance for Doubtful Accounts—Trade accounts receivable are recorded at the invoiced amount as a result of transactions with customers. The Company maintains allowances for doubtful accounts for estimated losses as a result of customers' inability to make required payments. The Company estimates anticipated losses from doubtful accounts based on days past due as measured from the contractual due date and historical collection history. The Company also takes into consideration changes in economic conditions that may not be reflected in historical trends, for example customers in bankruptcy, liquidation or reorganization. Receivables are written-off against the allowance for doubtful accounts when they are determined to be uncollectible. Such determination includes analysis and consideration of the particular conditions of the account, including time intervals since last collection, customer performance against agreed upon payment plans, solvency of customer and any bankruptcy proceedings.

Inventories—Inventories in the Products & Solutions business are stated at the lower of cost or net realizable value, determined on a first-in, first-out basis, including direct material costs and direct and indirect manufacturing costs, or net realizable value. Inventories in the ADI Global Distribution business are stated at average cost. Reserves are maintained for obsolete and surplus items.

Property, Plant and Equipment—Property, plant and equipment are recorded at cost, less accumulated depreciation. For financial reporting, the straight-line method of depreciation is used over the estimated useful lives of 10 to 50 years for buildings and improvements, 3 to 16 years for machinery and equipment and 3 to 10 years for tooling equipment.

Goodwill—The Company performs goodwill impairment testing annually, on the first day of the fourth quarter each year or more frequently if indicators of potential impairment exist. The goodwill impairment test is performed at the reporting unit level. The Company has two reporting units, Products & Solutions and ADI Global Distribution. The Company performs its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value provided the loss recognized does not exceed the total amount of goodwill allocated to that reporting unit.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. For the 2021 annual impairment test, the Company used a weighting of fair values derived from the income approach and market approach. Under the income approach, the Company calculates the fair value of a reporting unit based on the present value of estimated future cash flows. The income approach requires the exercise of significant judgment, including judgment about the amount and timing of expected future cash flows, assumed terminal value, and appropriate discount rates. Under the market approach, the Company utilizes the public company guideline method.

The Company believes the estimates and assumptions used in the calculations are reasonable. In addition, the extent to which COVID-19 may adversely impact the Company's business depends on future developments, which are uncertain and unpredictable, depending upon severity and duration of the outbreak, and the effectiveness of actions taken globally to contain or mitigate its effects. Any resulting financial impact cannot be estimated reasonably at this time but may adversely affect the Company's business and financial results. It is possible that into 2022, macroeconomic conditions may have unexpected impacts on the Company's business. If there were an adverse change in facts and circumstances, then an impairment charge may be necessary in the future. Should the fair value of the Company's reporting units fall below its carrying amount because of reduced operating performance, market declines, changes in the discount rate, or other conditions, charges for impairment may be necessary. The Company monitors its reporting units to determine if there is an indicator of potential impairment.

Other Intangible Assets and Long-lived Assets—Other intangible assets with determinable lives consist of customer lists, technology, patents and trademarks and software intangibles and are amortized over their estimated useful lives, ranging from 3 to 15 years. They are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of long-lived assets are measured by comparison of the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Warranties and Guarantees—Expected warranty costs for products sold are recognized based on an estimate of the amount that eventually will be required to settle such obligations. These accruals are based on factors such as past experience, length of the warranty and various other considerations. Costs of product recalls, which may include the cost of the product being replaced as well as the customer's cost of the recall, including labor to remove and replace the recalled part, are accrued as part of the warranty accrual at the time an obligation becomes probable and can be reasonably estimated. These estimates are adjusted from time to time based on facts and circumstances that impact the status of existing claims.

Leases—Effective January 1, 2019, arrangements containing leases are evaluated as an operating or finance lease at lease inception. For operating leases, the Company recognizes an operating right-of-use asset and operating lease liability at lease commencement based on the present value of lease payments over the lease term.

Since an implicit rate of return is not readily determinable for the Company's leases, an incremental borrowing rate is used in determining the present value of lease payments and is calculated based on information available at the lease commencement date. The incremental borrowing rate is determined using a portfolio approach based on the rate of interest the Company would have to pay to borrow funds on a collateralized basis over a similar term. The Company references a market yield curve consistent with the Company's credit rating which is risk-adjusted to approximate a collateralized rate in the currency of the lease. These rates are updated on a quarterly basis for measurement of new lease obligations. Most leases include renewal options; however, generally it is not reasonably certain that these options will be exercised at lease commencement. Lease expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recognized on the Company's balance sheet. The Company does not separate lease and non-lease components for its real estate and automobile leases.

Revenue Recognition—Product and service revenues are recognized when or as the Company transfers control of the promised products or services to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services.

In the sale of products, the terms of a contract or the historical business practice can give rise to variable consideration due to, but not limited to, discounts and rebates. The Company estimates variable consideration at the most likely amount that will be received from customers and reduces revenues recognized accordingly. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available to the Company.

Sales, use and value added taxes collected by the Company and remitted to various government authorities were not recognized as revenues and are reported on a net basis.

Shipping and handling fees billed to customers were included in Cost of goods sold.

Royalty—In connection with the Spin-Off, the Company and Honeywell entered into a 40-year Trademark License Agreement ("the Trademark Agreement") that authorizes the Company's use of certain licensed trademarks in the operation of Resideo's business for the advertising, sale and distribution of certain licensed products. In exchange, the Company pays a royalty fee of 1.5% of net revenue of the licensed products to Honeywell which is recorded in Selling, general and administrative expense on the Consolidated Statements of Operations.

Reimbursement Agreement—In connection with the Spin-Off the Company entered into an Indemnification and Reimbursement Agreement with Honeywell (the "Reimbursement Agreement"), pursuant to which it has an obligation to make cash payments to Honeywell in amounts equal to 90% of payments, which include amounts billed, with respect to certain environmental claims, remediation and, to the extent arising after the Spin-Off, hazardous exposure or toxic tort claims, in each case, including consequential damages (the "liabilities") in respect of specified Honeywell properties contaminated through historical business operations prior to the Spin-Off ("Honeywell Sites"), including the legal and other costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts relating to such liabilities, and less 90% of the net proceeds received by Honeywell in connection with (i) affirmative claims relating to such liabilities, (ii) contributions by other parties relating to such liabilities and (iii) certain property sales. The amount payable in respect of such liabilities arising in any given year is subject to a cap of $140 million. Reimbursement Agreement expenses are presented within Other expense, net in the Consolidated Statements of Operations and within Accrued liabilities and Obligations payable under Indemnification Agreements in the Consolidated Balance Sheets. For additional information, see Note 17. Commitments and Contingencies.

Environmental—The Company accrues costs related to environmental matters when it is probable that it has incurred a liability related to a contaminated site and the amount can be reasonably estimated. Environmental costs for the Company's owned sites are presented within Cost of goods sold for operating sites. For additional information, see Note 17. Commitments and Contingencies.

Tax Indemnification Agreement—The Tax Matters Agreement provides that Resideo is required to indemnify Honeywell for any taxes (and reasonable expenses) resulting from the failure of the Spin-Off and related internal transactions to qualify for their intended tax treatment under U.S. federal, state and local income tax law, as well as foreign tax law, where such taxes result from (a) breaches of covenants and representations the Company makes and agrees to in connection with the Spin-Off, (b) the application of certain provisions of U.S. federal income tax law to these transactions or (c) any other action taken or omission made (other than actions expressly required or permitted by the Separation and Distribution Agreement, the Tax Matters Agreement or other ancillary agreements) after the consummation of the Spin-Off that gives rise to these taxes. As of December 31, 2021 and December 31, 2020 the Company had an indemnity outstanding to Honeywell for past and potential future tax payments of $128 million and $139 million, respectively. See Note 17. Commitments and Contingencies.

Research and Development—The Company conducts research and development activities, which consist primarily of the development of new products as well as enhancements and improvements to existing products that substantially change the product. Research and development costs primarily relate to employee compensation and consulting fees which are charged to expense as incurred.

***Advertising Costs*—**The Company expenses advertising costs as incurred. Advertising costs totaled $22 million, $25 million and $46 million for the years ended December 31, 2021, 2020 and 2019, respectively.

***Defined Contribution Plans*—**The Company sponsors various defined contribution plans with varying terms depending on the country of employment. For the years ended December 31, 2021, 2020 and 2019 the Company recognized compensation expense related to the defined contribution plans of $19 million, $18 million, and $18 million, respectively.

Stock-Based Compensation Plans—The principal awards issued under Resideo's stock-based compensation plans, which are described in Note 5. Stock-Based Compensation Plans, are restricted stock units. The cost for such awards is measured at the grant date based on the fair value of the award. Some awards are issued with a market condition which are valued on the grant date utilizing a Monte Carlo simulation model. Stock options are also issued under Resideo's stock-based compensation plans and are valued on the grant date using the Black-Scholes option pricing model.

The Black-Scholes option pricing model and the Monte Carlo simulation model require estimates of future stock price volatility, expected term, risk-free interest rate and forfeitures.

For all stock-based compensation, the fair value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods (generally the vesting period of the equity award) and is included in Selling, general and administrative expenses in the Consolidated Statements of Operations. Forfeitures are estimated at the time of grant to recognize expense for those awards that are expected to vest and are based on historical forfeiture rates.

Pension—The Company disaggregates the service cost component of net benefit costs and reports those costs in the same line item or items in the Consolidated Statements of Operations as other compensation costs arising from services rendered by the pertinent employees during the period. The other non-service components of net benefit costs are required to be presented separately from the service cost component and outside of income from operations.

The Company has recorded the service cost component of pension expense in Costs of goods sold and Selling, general and administrative expenses based on the classification of the employees it relates to. The remaining components of net benefit costs within pension expense, primarily interest costs and expected return on plan assets, are recorded in Other expense, net. The Company recognizes net actuarial gains or losses in excess of 10% of the greater of the fair value of plan assets or the plans' projected benefit obligation (the corridor) annually in the fourth quarter each year. This adjustment known as the mark to market adjustment is reported in Other expense, net.

Foreign Currency Translation—Assets and liabilities of operations outside the United States with a functional currency other than U.S. Dollars are translated into U.S. Dollars using year-end exchange rates. Revenue, costs and expenses are translated at the average exchange rates in effect during the year. Foreign currency translation gains and losses are included as a component of Accumulated other comprehensive loss.

Income Taxes—Significant judgment is required in evaluating tax positions. The Company establishes additional reserves for income taxes when, despite the belief that tax positions are fully supportable, there remain certain positions that do not meet the minimum recognition threshold. The approach for evaluating certain and uncertain tax positions is defined by the authoritative guidance which determines when a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, the Company and its subsidiaries are examined by various federal, state and foreign tax authorities. The Company regularly assesses the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of its provision for income taxes. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts that give rise to a change in estimate become known.

Earnings Per Share—Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding and all dilutive potential common shares outstanding. For additional information, see Note 10. Earnings Per Share.

Use of Estimates—The preparation of the Company's Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the Consolidated Financial Statements and related disclosures in the accompanying notes. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed, and the effects of changes are reflected in the Consolidated Financial Statements in the period they are determined to be necessary. Estimates are used when accounting for stock-based compensation, pension benefits, indemnification liabilities, goodwill and intangible assets, and valuation allowances for accounts receivable, inventory, deferred tax assets, and the amounts of revenue and expenses reported during the period.

(In millions, unless otherwise noted)

Recent Accounting Pronouncements—The Company considers the applicability and impact of all recent accounting standards updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company's consolidated financial position or results of operations.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation — Retirement Benefits — Defined Benefit Plans — General (Topic 715-20): Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans*, which amends the current disclosure requirements regarding defined benefit pensions and other post retirement plans and allows for the removal of certain disclosures, while adding certain new disclosure requirements. The Company adopted the standard effective January 1, 2020 and the adoption did not have a material financial statement impact.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This ASU simplifies the accounting for income taxes by, among other things, eliminating certain existing exceptions related to the general approach in ASC 740 relating to franchise taxes, reducing complexity in the interim-period accounting for year-to-date loss limitations and changes in tax laws, and clarifying the accounting for transactions outside of business combinations that result in a step-up in the tax basis of goodwill. The Company early adopted the provisions of this guidance on January 1, 2020. Adoption of this guidance did not have a material financial statement impact.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting,* which is optional guidance related to reference rate reform that provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance along with its subsequent clarifications, is effective from March 12, 2020 through December 31, 2022 and is applicable for the Company's A&R Senior Credit Facilities and Swap Agreements, which use LIBOR as a reference rate. The A&R Senior Credit Facilities include a transition clause to a new reference rate in the event LIBOR is discontinued and Swap Agreements will be amended to match the new reference rate. We are currently evaluating the potential impact of adopting this guidance, but do not expect it to have a material impact on our consolidated financial statements. Refer to Note 18. Long-term Debt and Credit Agreement for further details on the Company's Swap Agreements and A&R Senior Credit Facilities.

Note 3. Revenue Recognition

Disaggregated Revenue

Revenues by geography and business line are as follows for the years ended December 31:

	Years Ended December 31,		
	2021	**2020**	**2019**
Comfort	$ 1,207	$ 1,079	$ 1,103
Security	667	538	520
Residential Thermal Solutions	594	504	552
Products & Solutions	2,468	2,121	2,175
U.S. and Canada	2,814	2,427	2,294
EMEA (1)	523	480	459
APAC (2)	41	43	60
ADI Global Distribution	3,378	2,950	2,813
Net revenue	$ 5,846	$ 5,071	$ 4,988

(1) EMEA represents Europe, the Middle East and Africa.
(2) APAC represents Asia and Pacific countries.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For product sales, typically each product sold to a customer represents a distinct performance obligation. The Company recognizes the majority of its revenue from performance obligations outlined in contracts with its customers that are satisfied at a point in time. Approximately 3% of the Company's revenue is satisfied over time. As of December 31, 2021 and December 31, 2020, contract assets and liabilities were not material.

(In millions, unless otherwise noted)

The timing of satisfaction of the Company's performance obligations does not significantly vary from the typical timing of payment. For some contracts, the Company may be entitled to receive an advance payment.

The Company has applied the practical expedient to not disclose the value of remaining performance obligations for (i) contracts with an original expected term of one year or less or (ii) contracts for which it recognizes revenue in proportion to the amount it has the right to invoice for services performed.

Note 4. Segment Financial Data

The Company monitors its business operations through two operating segments, Products & Solutions and ADI Global Distribution and reports Corporate separately from the two operating segments.

Products & Solutions—The Products & Solutions business is a leading global provider of products, software solutions and technologies that help homeowners stay connected and in control of their comfort, security and energy use.

ADI Global Distribution—The ADI Global Distribution business is the leading wholesale distributor of low-voltage security products including intrusion, access control and video products and participates significantly in the broader related markets of smart home, fire, access control, power, audio, ProAV, networking, communications, wire and cable, and data communications.

Corporate—Corporate includes expenses associated with legal, finance, information technology, human resources, strategy and communications related to the Corporate office as well as supporting the operating segments, but do not relate directly to revenue-generating activities.

Segment information is consistent with how management reviews the businesses, makes investing and resource allocation decisions and assesses operating performance.

	Years Ended December 31,		
	2021	2020	2019
Revenue			
Total Products & Solutions revenue	$ 2,841	$ 2,488	$ 2,487
Less: Intersegment revenue	373	367	312
External Products & Solutions revenue	2,468	2,121	2,175
External ADI Global Distribution revenue	3,378	2,950	2,813
Total revenue	$ 5,846	$ 5,071	$ 4,988

	Years Ended December 31,		
	2021	2020	2019
Operating profit			
Products & Solutions	$ 541	$ 407	$ 327
ADI Global Distribution	268	194	210
Corporate	(250)	(290)	(279)
Total	$ 559	$ 311	$ 258

(In millions, unless otherwise noted)

	Years Ended December 31,		
	2021	2020	2019
Depreciation and amortization			
Products & Solutions	$ 65	$ 63	$ 62
ADI Global Distribution	11	12	10
Corporate	12	11	8
Total	$ 88	$ 86	$ 80

	Years Ended December 31,		
	2021	2020	2019
Capital expenditures			
Products & Solutions	$ 37	$ 41	$ 71
ADI Global Distribution	24	15	5
Corporate	2	14	19
Total	$ 63	$ 70	$ 95

The Company's CODM does not use segment assets information to allocate resources or to assess performance of the segments and therefore, total segment assets have not been disclosed.

Note 5. Stock-Based Compensation Plans

On October 29, 2018, the Board adopted, and Honeywell, as the Company's sole shareholder, approved, the 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates and the 2018 Stock Incentive Plan for Non-Employee Directors of Resideo Technologies, Inc. as may be amended from time to time (together, the "Stock Incentive Plan"). On or about December 21, 2018, the Board adopted the Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates. The Stock Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted stock units, restricted stock, other stock-based awards and cash-based awards. The maximum aggregate number of shares of the Company's common stock that may be issued under awards granted under the Stock Incentive Plan is 16 million. As of December 31, 2021, 6,357,544 shares of the Company's common stock were available to be granted under the Stock Incentive Plan.

Summary of Restricted Stock Unit Activity

Restricted stock unit ("RSU") awards entitle the holder to receive one share of common stock for each unit when the units vest. RSUs are issued to certain key employees and to non-employee directors. RSUs typically become fully vested over periods ranging from one to seven years and are payable in Resideo common stock upon vesting.

Performance stock unit ("PSU") awards entitle the holder to receive a specified number of common stock, dependent on Company financial metrics or market conditions, for each unit when the units vest. PSUs are issued to certain key employees. PSUs typically become fully vested over a period of three years and are payable in Resideo common stock upon vesting. For the year ended December 31, 2019, PSUs were issued with the shares awarded per unit being evenly based on Net revenue and adjusted EBITDA performance. For the years ended December 31, 2020 and 2021, PSUs were issued with the shares awarded per unit being based on the difference in performance between the total stockholders' return of the Company against that of the S&P 400 Industrials Index.

The fair values estimated from the Monte Carlo simulation for PSUs issues during the years ended December 31, 2021 and 2020 were calculated using the following assumptions:

	December 31,	
	2021	2020
Expected volatility	47.43%	33.70%
Risk-free interest rate %	0.20%	0.80%
Expected term (in years)	2.86	2.79
Dividend yield	0%	0%

(In millions, unless otherwise noted)

The following table summarizes RSU and PSU and activity related to the Stock Incentive Plan during the years ended December 31, 2021, 2020 and 2019:

	PSUs		RSUs	
	Number of Performance Stock Units	**Weighted Average Grant Date Fair Value Per Share**	**Number of Restricted Stock Units**	**Weighted Average Gr ant Date Fair V alue Per Share**
Non-vested as of January 1, 2019	-	$ -	3,338,184	$ 24.05
Granted	322,037	24.32	1,285,167	21.21
Vested	-	-	(509,366)	23.78
Forfeited	(45,756)	24.39	(595,735)	24.05
Non-vested as of December 31, 2019	276,281	24.33	3,518,250	23.05
Granted	795,099	6.33	2,262,676	10.55
Vested	-	-	(921,060)	21.07
Forfeited	(158,580)	16.06	(572,902)	19.27
Non-vested as of December 31, 2020	912,800	10.09	4,286,964	17.38
Granted	500,227	42.98	1,142,310	27.39
Vested	-	-	(1,714,810)	19.27
Forfeited	(95,467)	17.20	(237,331)	20.44
Non-vested as of December 31, 2021	1,317,560	$ 22.06	3,477,133	$ 19.52

As of December 31, 2021, there was approximately $19 million and $11 million of total unrecognized compensation cost related to non-vested RSUs and PSUs granted under the Stock Incentive Plan, which is expected to be recognized over a weighted-average period of 1.4 years and 2.0 years, respectively. The fair value of RSUs that vested during the year ended December 31, 2021 is $48 million.

Summary of Stock Option Activity

Stock option awards entitle the holder to purchase shares of common stock at a specific price when the options vest. Stock options typically vest over three years from the date of grant and expire seven years from the grant date.

The fair value of stock options was calculated using the following assumptions in the Black-Scholes model:

	December 31,		
	2021	**2020**	**2019**
Expected stock price volatility	34%	31% - 37%	30% - 32%
Expected term of options	5 years	4.5 years	4.5 years
Expected dividend yield	—	—	—
Risk-free interest rate	0.77%	0.25% - 1.41%	2.22% - 2.47%

The aggregate intrinsic value disclosed below represents the total intrinsic value (the difference between the fair market value of the Company's common stock as of December 31, 2021, and the exercise price, multiplied by the number of in-the-money service-based stock options) that would have been received by the option holders had all option holders exercised their options on December 31, 2021. This amount is subject to change based on changes to the fair market value of the Company's common stock.

The following table summarizes stock option activity related to the Stock Incentive Plan during the year ended December 31, 2021:

	Stock Options			
	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Stock Options outstanding as of January 1, 2019	-	$ -	-	$ -
Granted	1,155,566	24.37		
Forfeited	(165,312)	24.39		
Stock Options outstanding as of December 31, 2019	990,254	24.36	6.0	-
Granted	1,083,665	9.17		
Forfeited	(348,696)	18.39		
Stock Options outstanding as of December 31, 2020	1,725,223	15.98	4.9	12
Granted	150,000	25.48		
Forfeited	(152,831)	16.47		
Exercised	(376,424)	21.62		3
Stock Options outstanding as of December 31, 2021	1,345,968	15.41	4.9	14
Vested and expected to vest at December 31, 2021	1,165,667	15.52	4.8	12
Exercisable at December 31, 2021	443,956	$ 18.27	4.2	$ 3

Stock options granted during the year ended December 31, 2021 had a weighted average grant date fair value per share of $7.69. As of December 31, 2021, there was approximately $1 million of total unrecognized compensation cost related to non-vested stock options granted under the Stock Incentive Plan, which is expected to be recognized over a weighted-average period of 2.05 years.

Summary of Stock-Based Compensation

The following table summarizes stock-based compensation expense and the related tax benefits under the Company's plans:

	Years Ended December 31,		
	2021	2020	2019
Stock-based compensation expense before income taxes	$ 39	$ 29	$ 25
Less: Income tax expense (benefit)	(3)	1	(1)
Stock-based compensation expense, net of income taxes	$ 36	$ 30	$ 24

Note 6. Leases

The Company is party to operating leases for the majority of its manufacturing sites, offices, engineering and lab sites, stocking locations, warehouses, automobiles, and certain equipment. Certain of the Company's real estate leases include variable rental payments which adjust periodically based on inflation, and certain automobile lease agreements include rental payments which fluctuate based on mileage. Generally, the Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(In millions, unless otherwise noted)

The Company's operating lease costs for the years ended December 31, 2021 and 2020 consisted of the following:

	Years Ended December 31,		
	2021	2020	2019
Selling, general and administrative expenses	$ 46	$ 44	$ 37
Cost of goods sold	17	17	16
Total operating lease costs	$ 63	$ 61	$ 53

Total operating lease costs include variable lease costs of $17 million, $16 million and $11 million for the years ended December 31, 2021, 2020, and 2019, respectively. Total operating lease costs also include offsetting sub-lease income which is immaterial for the years ended December 31, 2021, 2020, and 2019.

The Company recognized the following related to its operating leases:

	Financial Statement Line Item	At December 31, 2021	At December 31, 2020
Operating right-of-use assets	Other assets	$141	$133
Operating lease liabilities - current	Accrued liabilities	$32	$33
Operating lease liabilities - non-current	Other liabilities	$120	$107

Maturities of the Company's operating lease liabilities were as follows:

	At December 31, 2021
2022	$ 39
2023	35
2024	25
2025	20
2026	17
Thereafter	43
Total lease payments	179
Less: Imputed interest	27
Present value of operating lease liabilities	$ 152
Weighted-average remaining lease term (years)	6.04
Weighted-average incremental borrowing rate	5.42%

Supplemental cash flow information related to the Company's operating leases was as follows:

	Years Ended December 31,		
	2021	2020	2019
Operating cash outflows	$ 33	$ 30	$ 35
Operating right-of-use assets obtained in exchange for operating lease liabilities	$ 46	$ 26	$ 60

As of December 31, 2021, the Company has additional operating leases that have not yet commenced. Obligations under these leases are not material. Additionally, as a lessor, the Company leases all or a portion of certain owned properties. Rental income for the years ended December 31, 2021, 2020 and 2019 was not material.

Note 7. Restructuring Charges

During 2021, the Company did not have any new restructuring programs. Restructuring expense for December 31, 2021 was not material. During 2019, the Company retained industry experts in supply chain optimization and organizational excellence to assist in a comprehensive financial and operational review which was focused on product cost and gross margin improvement, and general and administrative expense simplification. Certain restructuring actions were implemented under this program as well as previous programs. Product & Solutions segment restructuring expenses for the years ended December 31, 2020 and 2019 were $19 million, and $26 million, respectively. ADI Global Distribution segment restructuring expenses for the years ended December 31, 2020 and 2019 were $6 million, and $4 million, respectively. Corporate restructuring expenses for the years ended December 31, 2020 and 2019 were $15 million, and $7 million, respectively. Restructuring expenses for all periods are primarily related to severance.

(In millions, unless otherwise noted)

The Company's restructuring expenses for 2020 and 2019 are as follows:

	Years Ended December 31,	
	2020	2019
Cost of goods sold	$ 9	$ 13
Research and development expenses	3	7
Selling, general and administrative expenses	28	17
	$ 40	$ 37

The following table summarizes the status of total restructuring reserves related to severance cost included in Accrued liabilities in the Consolidated Balance Sheets:

	Years Ended December 31,		
	2021	2020	2019
Beginning of year	$ 24	$ 19	$ 13
Charges	-	40	38
Usage	(11)	(35)	(31)
Other	(4)	-	(1)
End of year	$ 9	$ 24	$ 19

Note 8. Other Expense, Net

	Years Ended December 31,		
	2021	2020	2019
Reimbursement Agreement expense	$ 146	$ 146	$ 108
Loss on extinguishment of debt	41	-	-
Other, net	(29)	1	10
	$ 158	$ 147	$ 118

Refer to Note 17. Commitments and Contingencies for further details on environmental and Reimbursement Agreement expense.

Note 9. Income Taxes

Income before taxes	Years Ended December 31,		
	2021	2020	2019
U.S.	$ 79	$ (93)	$ (83)
Non-U.S.	274	194	154
	$ 353	$ 101	$ 71

(In millions, unless otherwise noted)

Income tax expense (benefit)	**Years Ended December 31,**		
	2021	**2020**	**2019**
Tax expense (benefit) consists of:			
Current:			
U.S.	$ 60	$ 21	$ 23
Non-U.S.	45	21	37
	$ 105	$ 42	$ 60
Deferred:			
U.S.	$ 5	$ 11	$ (11)
Non-U.S.	1	11	(14)
	6	22	(25)
	$ 111	$ 64	$ 35

Reconciliation of effective income tax rate	**Years Ended December 31,**		
	2021	**2020**	**2019**
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
Impact of foreign operations	(0.2)	(5.4)	(10.2)
U.S. state income taxes	3.6	6.4	6.6
Non-deductible indemnification costs	8.4	29.0	28.0
Executive compensation over $1 million	0.9	2.5	0.6
Other non-deductible expenses	0.4	3.7	2.9
U.S. taxation of foreign earnings	1.4	3.5	5.3
Tax credits	(0.7)	(0.2)	(2.6)
Change in tax rates	(1.0)	1.3	1.7
All other items – net	(2.5)	1.8	(4.7)
	31.3 %	63.6 %	48.6 %

Deferred tax assets (liabilities)	**Years Ended December 31,**	
	2021	**2020**
Deferred tax assets:		
Pension	$ 24	$ 37
Other asset basis differences	63	70
Operating lease liabilities	33	34
Accruals and reserves	50	61
Net operating and capital losses	48	47
Other	2	-
Gross deferred tax assets	220	249
Valuation allowance	(63)	(60)
Total deferred tax assets	$ 157	$ 189
Deferred tax liabilities:		
Other intangible assets	$ (39)	$ (44)
Property, plant and equipment	(23)	(25)
Operating lease assets	(33)	(32)
Other	(5)	(13)
Total deferred tax liabilities	(100)	(114)
Net deferred tax asset	$ 57	$ 75

The Company maintains a valuation allowance of $63 million against a portion of non-U.S. deferred tax assets. Valuation allowances principally relate to foreign net operating loss carryforwards.

As of December 31, 2021, the total undistributed earnings of the Company's foreign affiliates was $1.9 billion, of which $6 million was not considered indefinitely reinvested. While these earnings would not be subject to incremental U.S. tax, if the Company were to actually distribute these earnings, they could be subject to additional foreign income taxes and/or withholding taxes payable in foreign jurisdictions. Thus, the Company provides for foreign income taxes payable upon future distributions of the earnings not considered indefinitely reinvested annually. For the year ended December 31, 2021, the tax charge related to earnings that are not considered indefinitely reinvested is not material. The remaining $1.9 billion of earnings are considered indefinitely reinvested. Determination of the unrecognized deferred foreign income tax liability related to these undistributed earnings is not practicable due to the complexities associated with this hypothetical calculation.

As of December 31, 2021, the Company has foreign net operating loss carryforwards of $189 million. $171 million of foreign net operating losses can be carried forward indefinitely with the remainder expiring between 2022 and 2031.

As of December 31, 2021, 2020, and 2019 there were $16 million, $10 million, and $6 million of unrecognized tax benefits, respectively, that if recognized would be recorded as a component of Income tax expense. The change in unrecognized tax benefits resulted in increases of $6 million, $4 million, and $4 million to tax expense in 2021, 2020, and 2019, respectively. The increase in unrecognized tax benefits were largely driven by tax positions taken during the respective years.

The Company does not anticipate significant changes in total unrecognized tax benefits during the next twelve months.

The Company files income tax returns in the United States federal jurisdiction, all states, and various local and foreign jurisdictions. The Company's US federal returns are no longer subject to income tax examinations for taxable years before 2017. With limited exception, state, local, and foreign income tax returns for taxable years before 2016 are no longer subject to examination.

Note 10. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in millions except shares in thousands and per share data):

	Years Ended December 31,		
	2021	2020	2019
Net income	$ 242	$ 37	$ 36
Shares used in computing basic earnings per share	144,036	125,348	122,722
Effect of dilutive securities:			
Dilutive effect of common stock equivalents	4,412	976	516
Shares used in computing diluted earnings per share	148,448	126,324	123,238
Earnings per share:			
Basic	$ 1.68	$ 0.30	$ 0.29
Diluted	$ 1.63	$ 0.29	$ 0.29

(In millions, unless otherwise noted)

Diluted Earnings Per Share is computed based upon the weighted average number of common shares outstanding for the year plus the dilutive effect of common stock equivalents using the treasury stock method and the average market price of the Company's common stock for the period. For the year ended December 31, 2021, average options and other rights to purchase approximately 0.2 million shares of common stock were outstanding, all of which were anti-dilutive during the year ended December 31, 2021, and therefore excluded from the computation of diluted earnings per common share. Additionally, an average of approximately 0.6 million shares of performance-based unit awards are excluded from the computation of diluted earnings per common share for the year ended December 31, 2021 as the contingency has not been satisfied at December 31, 2021. For the year ended December 31, 2020, average option and other rights to purchase approximately 2.8 million shares of common stock were outstanding, all of which were anti-dilutive during the year ended December 31, 2020, and therefore excluded from the computation of diluted earnings per common share. Additionally, an average of approximately 0.2 million shares of performance-based unit awards are excluded from the computation of diluted earnings per common share for the year ended December 31, 2020 as the contingency has not been satisfied at December 31, 2020.

Note 11. Accounts Receivable — Net

	December 31,	
	2021	2020
Accounts receivable	$ 885	$ 875
Allowance for doubtful accounts	(9)	(12)
	$ 876	$ 863

Note 12. Inventories — Net

	December 31,	
	2021	2020
Raw materials	$ 174	$ 127
Work in process	17	19
Finished products	549	526
	$ 740	$ 672

The expense related to inventory obsolescence was $8 million, $31 million and $56 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Note 13. Property, Plant and Equipment — Net

	December 31,	
	2021	2020
Machinery and equipment	$ 602	$ 598
Buildings and improvements	292	289
Construction in progress	35	46
Others	4	14
	933	947
Accumulated depreciation	(646)	(629)
	$ 287	$ 318

Depreciation expense was $58 million, $56 million and $50 million in 2021, 2020 and 2019, respectively.

Note 14. Acquisitions

During 2021, the Company completed the acquisition of Norfolk Wire & Electronics, a regional distributor of data communications products and Shoreview Distribution, a U.S. distributor of ProAV products which have been integrated into the ADI Global Distribution segment. The aggregate purchase price paid for these acquisitions was $11 million.

(In millions, unless otherwise noted)

In February 2020, the Company completed the acquisition of privately held Herman ProAV, a leading provider and distributer of professional audio-visual products, procurement services and labor resources to systems integrators in the commercial audio-visual industry. The purchase price paid for this acquisition was approximately $36 million and the Company recognized goodwill and intangible assets of $4 million and $18 million, respectively. This acquisition was integrated into and builds upon ADI Global Distribution's product portfolio and expands its presence in the pro-AV market.

These acquisitions have an immaterial financial statement impact on both an individual basis and when considered in the aggregate. Pro-forma disclosures are not provided as the acquisitions have an immaterial financial statement impact.

Note 15. Goodwill and Other Intangible Assets — Net

Goodwill as of December 31, 2021 and 2020 for Products & Solutions was $2,010 million and $2,037 million, respectively. The decrease primarily relates to foreign currency translation adjustments. Goodwill as of December 31, 2021 and 2020 for ADI Global Distribution was $651 million and $654 million, respectively. The carrying value of goodwill increased by $5 million due to acquisitions during the year which was offset by foreign currency translation adjustments.

Other intangible assets with finite lives are comprised of:

	December 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and technology	$ 31	$ (23)	$ 8	$ 37	$ (23)	$ 14
Customer relationships	162	(106)	56	192	(122)	70
Trademarks	14	(8)	6	15	(8)	7
Software	162	(112)	50	146	(102)	44
	$ 369	$ (249)	$ 120	$ 390	$ (255)	$ 135

Other intangible assets amortization expense was $30 million, $31 million and $30 million in 2021, 2020 and 2019, respectively. Estimated intangible asset amortization expense for each of the next five years approximates $24 million in 2022, $21 million in 2023, $19 million in 2024, $18 million in 2025 and $14 million in 2026.

Note 16. Accrued Liabilities

	December 31,	
	2021	2020
Obligations payable under Indemnification Agreements	$ 140	$ 140
Taxes payable	54	62
Compensation, benefit and other employee-related	114	105
Customer rebate reserve	94	91
Other	199	197
	$ 601	$ 595

Refer to Note 17. Commitments and Contingencies for further details on Obligations payable under Indemnification Agreements.

Note 17. Commitments and Contingencies

Environmental Matters

The Company is subject to various federal, state, local, and foreign government requirements relating to the protection of the environment. It believes that, as a general matter, its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and personal injury and that its handling, manufacture, use and disposal of hazardous substances are in accordance with environmental and safety laws and regulations. The Company has incurred remedial response and voluntary cleanup costs for site contamination and is a party to claims associated with environmental and safety matters, including products containing hazardous substances. Additional claims and costs involving environmental matters are likely to continue to arise in the future.

Liabilities for environmental costs were $22 million for each of the years ended December 31, 2021, 2020, and 2019. For the years ended December 31, 2021, 2020, and 2019, environmental expenses related to these liabilities were not material.

Obligations Payable Under Indemnification Agreements

The indemnification and reimbursement agreement (the “Reimbursement Agreement”) and the tax matters agreement (the “Tax Matters Agreement”) (collectively, the “Indemnification Agreements”) are further described below.

Reimbursement Agreement

In connection with the Spin-Off, the Company entered into the Reimbursement Agreement pursuant to which the Company has an obligation to make cash payments to Honeywell in amounts equal to 90% of payments for certain Honeywell environmental-liability payments, which include amounts billed (“payments”), less 90% of Honeywell’s net insurance receipts relating to such liabilities, and less 90% of the net proceeds received by Honeywell in connection with (i) affirmative claims relating to such liabilities, (ii) contributions by other parties relating to such liabilities and (iii) certain property sales (the “recoveries”). The amount payable by the Company in respect of such liabilities arising in respect of any given year is subject to a cap of $140 million.

Payments in respect of the liabilities arising in a given year will be made quarterly throughout such year on the basis of an estimate of the liabilities and recoveries provided by Honeywell. Following the end of any such year, Honeywell will provide the Company with a calculation of the amount of payments and the recoveries actually received.

Payment amounts under the Reimbursement Agreement will be deferred to the extent that a specified event of default has occurred and is continuing under certain indebtedness, including under the A&R Credit Agreement, or the payment thereof causes the Company to not be compliant with certain financial covenants in certain indebtedness, including the Company’s A&R Credit Agreement on a pro forma basis, including the maximum total leverage ratio (ratio of consolidated debt to consolidated EBITDA, which excludes any amounts owed to Honeywell under the Reimbursement Agreement), and the minimum interest coverage ratio.

The obligations under the Reimbursement Agreement will continue until the earlier of: (1) December 31, 2043; or (2) December 31 of the third consecutive year during which the annual reimbursement obligation (including in respect of deferred payment amounts) has been less than $25 million.

In 2021 and 2020, the Company and Honeywell entered into several amendments to the Reimbursement Agreement. These amendments included modifications of certain covenants in Exhibit G to conform to the amended covenants included in the Credit Agreement First Amendment, deferment of certain payments under the Reimbursement Agreement to later in the year, and amendment of Exhibit G to, among other things, permit sale and leaseback transaction. An aggregate amount of up to $150 million would be permitted thereunder so long as the same conditions that are applicable under the Credit Agreement are satisfied. On February 12, 2021 the covenants in Exhibit G of the Reimbursement Agreement were amended and restated in their entirety to substantially conform to the affirmative and negative covenants contained in the A&R Credit Agreement.

(In millions, unless otherwise noted)

The following table summarizes information concerning the Company's Reimbursement Agreement liabilities:

	Years Ended December 31,		
	2021	2020	2019
Beginning balance	$ 591	$ 585	$ 616
Accruals for indemnification liabilities deemed probable and reasonably estimable	146	146	179
Reduction (1)	-	-	(71)
Indemnification payment	(140)	(140)	(139)
Ending balance(2)	$ 597	$ 591	$ 585

(1) Reduction in indemnification liabilities relates to a provision in the Reimbursement Agreement that reduces the obligation due to Honeywell for any proceeds received by Honeywell from a property sale of a site under the agreement.
(2) Reimbursement Agreement liabilities deemed probable and reasonably estimable, however, it is possible the Company could pay $140 million per year (exclusive of any late payment fees up to 5% per annum) until the earlier of (1) December 31, 2043; or (2) December 31 of the third consecutive year during which the annual reimbursement obligation (including in respect of deferred payment amounts) has been less than $25 million.

Reimbursement Agreement liabilities are included in the following balance sheet accounts:

	Years Ended December 31,	
	2021	2020
Accrued liabilities	$ 140	$ 140
Obligations payable under Indemnification Agreements	457	451
	$ 597	$ 591

The Company does not currently possess sufficient information to reasonably estimate the amounts of indemnification liabilities to be recorded upon future completion of studies, litigation or settlements, and neither the timing nor the amount of the ultimate costs associated with such indemnification liability payments can be determined although they could be material to the Company's consolidated results of operations and operating cash flows in the periods recognized or paid.

Independent of the Company's payments under the Reimbursement Agreement, the Company will have ongoing liability for certain environmental claims which are part of the Company's going forward business.

Tax Matters Agreement

In connection with the Spin-Off, the Company entered into the Tax Matters Agreement with Honeywell pursuant to which it is responsible and will indemnify Honeywell for certain taxes, including certain income taxes, sales taxes, VAT and payroll taxes, relating to the business for all periods, including periods prior to the consummation of the Spin-Off. In addition, the Tax Matters Agreement addresses the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the Spin-Off.

The Company is required to indemnify Honeywell for any taxes resulting from the failure of the Spin-Off and related internal transactions to qualify for their intended tax treatment under U.S. federal, state and local income tax law, as well as foreign tax law, where such taxes result from action or omission of the Company not permitted by the Separation and Distribution Agreement or the Tax Matters Agreement.

As of December 31, 2021, and 2020, the Company had an indemnity liability owed to Honeywell for future tax payments of $128 million and $139 million, respectively, which is included in Obligations payable under Indemnification Agreements.

Trademark Agreement

The Company and Honeywell entered into a 40-year Trademark License Agreement (the "Trademark Agreement") that authorizes the Company's use of certain licensed trademarks in the operation of Resideo's business for the advertising, sale and distribution of certain licensed products. In exchange, the Company will pay a royalty fee of 1.5% on net revenue to Honeywell related to such licensed products which is recorded in Selling, general and administrative expense on the Consolidated Statements of Operations. For the years ended December 31, 2021, 2020, and 2019, royalty fees were $21 million, $26 million, and $27 million, respectively.

Other Matters

The Company is subject to lawsuits, investigations, and disputes arising out of the conduct of its business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee matters, intellectual property, and environmental, health, and safety matters. The Company recognizes a liability for any contingency that is probable of occurrence and reasonably estimable. The Company continually assesses the likelihood of adverse judgments or outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. No such matters are material to the Company's unaudited financial statements.

The Company, the Company's former CEO Michael Nefkens, the Company's former CFO Joseph Ragan, and the Company's former CIO Niccolo de Masi are named defendants of a class action securities suit in the U.S. District Court for the District of Minnesota styled In re Resideo Technologies, Inc. Securities Litigation, 19-cv-02863 (the "Securities Litigation"). The complaint, as amended, asserts claims under Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, broadly alleging, among other things, that the defendants (or some of them) made false and misleading statements regarding, among other things, Resideo's business, performance, the efficiency of its supply chain, operational and administrative issues resulting from the spin-off from Honeywell, certain business initiatives, and financial guidance in 2019.

On July 30, 2021, the Company executed a term sheet with plaintiffs' representatives setting forth an agreement in principle to settle the claims alleged in the complaint, as amended. The total amount to be paid in settlement of the claims as set forth in the agreement in principle is $55 million. Insurance recoveries of approximately $39 million are expected related to the settlement. The claim settlement payment and related insurance recoveries have been paid to an escrow account pending final court approval of the Securities Litigation. On August 18, 2021, the Company and plaintiffs' representative executed a definitive Stipulation and Agreement of Settlement reflecting the terms of the agreement in principle and other customary terms and conditions (the "Settlement"), including court approval of the Settlement. No objections to the Settlement were filed with the court. On January 27, 2022, the court held a final hearing to consider whether the Settlement is fair, reasonable, and in the best interests of the Settlement class and took a motion for approval of the Settlement under advisement. The Company intends to vigorously pursue approval of the Settlement, but there can be no assurance that court approval will be granted.

(In millions, unless otherwise noted)

Certain current or former directors and officers of the Company were defendants in a consolidated derivative action in the District Court for the District of Delaware under the caption *In re Resideo Technologies, Inc. Derivative Litigation,* 20-cv-00915 (the “Federal Derivative Action”). On September 21, 2021, the parties filed a stipulation requesting that the Federal Derivative Action be transferred to the District of Minnesota, where Securities Litigation is pending. The court ordered the transfer of the Federal Derivative Action on September 23, 2021. On September 1, 2021, an additional shareholder derivative complaint was filed by Riviera Beach, part of the leadership group in the Federal Derivative Action, and City of Hialeah Employees Retirement System against certain current or former directors and officers of the Company in the District of Minnesota, alleging substantially that the same facts and making substantially the same claims against the same defendants as in the Federal Derivative Action, and additionally referencing board materials obtained through a demand made pursuant to Section 220 of the Delaware Code Title 8 (the “Riviera Beach Action”). On December 1, 2021, the Federal Derivative Action and the Riviera Beach Action were consolidated into a single action under the caption: *In re Resideo Technologies, Inc. Derivative Litigation,* 21-cv-01965 (the “Consolidated Federal Derivative Action”). The Consolidated Federal Derivative Action is currently stayed pending entry of a final judgement in the Securities Litigation.

On June 25, 2021, the Bud & Sue Frashier Family Trust U/A DTD 05/05/98, filed a shareholder derivative complaint against certain current or former directors and officers of the Company in the Court of Chancery of the State of Delaware, captioned *Bud & Sue Frashier Trust U/A DTD 05/05/98 v. Fradin*, 2021-0556 (“Delaware Chancery Derivative Action”). The Delaware Chancery Derivative Action alleges substantially the same facts and makes substantially the same claims as the Federal Derivative Action, and additionally references board materials obtained through a demand made pursuant to Section 220 of the Delaware Code Title 8. The Delaware Chancery Derivative Action remains stayed by agreement of the parties. The Company intends to defend this action vigorously, but there can be no assurance that the defense will be successful.

Warranties and Guarantees

In the normal course of business, the Company issues product warranties and product performance guarantees. It accrues for the estimated cost of product warranties and product performance guarantees based on contract terms and historical experience at the time of sale. Adjustments to initial obligations for warranties and guarantees are made as changes to the obligations become reasonably estimable. Product warranties and product performance guarantees are included in Accrued liabilities. The following table summarizes information concerning recorded obligations for product warranties and product performance guarantees.

	Years Ended December 31,		
	2021	**2020**	**2019**
Beginning balance	$ 22	$ 25	$ 26
Accruals for warranties/guarantees issued during the year	22	21	15
Adjustment of pre-existing warranties/guarantees	(3)	(7)	-
Settlement of warranty/guarantee claims	(18)	(17)	(16)
Ending balance	$ 23	$ 22	$ 25

Purchase Commitments

The Company’s unconditional purchase obligations include purchase commitments with suppliers and other obligations entered in to during the normal course of business regarding the purchase of goods and services. As of December 31, 2021, the Company’s estimated minimum obligations associated with unconditional purchase obligations, which are not recognized in the Company’s Consolidated Balance Sheet, were $34 million in 2022, $34 million in 2023, $31 million in 2024 and $2 million in 2025. For the years ended December 31, 2021, 2020, and 2019, purchases related to these obligations were $22 million, $22 million and $24 million, respectively.

(In millions, unless otherwise noted)

Note 18. Long-term Debt and Credit Agreement

The Company's debt at December 31, 2021 and December 31, 2020 consisted of the following:

	December 31, 2021	December 31, 2020
6.125% Senior notes due 2026	$ -	$ 400
4.000% Senior notes due 2029	300	-
Five-year variable rate term loan A due 2023	-	315
Seven-year variable rate term loan B due 2025	-	465
Seven-year variable rate term loan B due 2028	943	-
Unamortized deferred financing costs	(13)	(18)
Total outstanding indebtedness	1,230	1,162
Less: Amounts expected to be paid within one year	10	7
Total long-term debt due after one year	$ 1,220	$ 1,155

Scheduled principal repayments under the Senior Credit Facilities (defined below) and Senior Notes (defined below) subsequent to December 31, 2021 are as follows:

	December 31, 2021
2022	$ 10
2023	10
2024	10
2025	10
2026	10
Thereafter	1,193
	1,243
Amounts expected to be paid within one year	10
	$ 1,233

At December 31, 2021, the interest rate for the A&R Term B Facility (defined below) was 2.75%. At December 31, 2020, the interest rate for the Five-year variable rate term loan A due 2023 and the Seven-year variable term loan B due 2025 was 2.51%. At December 31, 2021 there were no borrowings and no letters of credit issued under the A&R Revolving Credit Facility (defined below).

As a result of the redemption of the Senior Notes due 2026 (defined below) and the execution of the A&R Credit Agreement (defined below), debt extinguishment costs of $41 million were incurred and recorded in Other expense, net for the year ended December 31, 2021.

As of December 31, 2021, the Company was in compliance with all covenants related to the A&R Credit Agreement and Senior Notes due 2029.

Senior Notes Redemptions

On February 16, 2021 the Company redeemed $140 million in principal amount of the 6.125% senior unsecured notes (the "Senior Notes due 2026") at a redemption price of 106.125% of par plus accrued interest. On August 26, 2021, the Company redeemed the remaining $260 million in principal amount of the Senior Notes due 2026 at a redemption price of 105.594% of par plus accrued interest.

Senior Notes due 2029

On August 26, 2021, the Company issued $300 million in principal amount 4% senior unsecured notes due in 2029 (the "Senior Notes due 2029"). The Senior Notes due 2029 are senior unsecured obligations of Resideo guaranteed by Resideo's existing and future domestic subsidiaries and rank equally with all of Resideo's senior unsecured debt and senior to all of Resideo's subordinated debt.

The Company may, at its option, redeem the Senior Notes due 2029 in whole (at any time) or in part (from time to time), at varying prices based on the timing of the redemption.

The Senior Notes due 2029 limit the Company and its restricted subsidiaries' ability to, among other things, incur additional secured indebtedness and issue preferred stock; enter into certain sale and leaseback transactions; incur liens; and consolidate, merge or sell all or substantially all of their assets. These covenants are subject to a number of limitations and exceptions. Additionally, upon certain events constituting a change of control together with a ratings downgrade, the holders of the Senior Notes due 2029 have the right to require the Company to offer to repurchase the Senior Notes due 2029 at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, to (but not including) the date of purchase.

Credit Agreement

On February 12, 2021, the Company entered into an Amendment and Restatement Agreement with JP Morgan Chase Bank N.A. as administrative agent (the "A&R Credit Agreement"). This agreement effectively replaced the Company's previous senior secured credit facilities.

The A&R Credit Agreement provides for a (i) seven-year senior secured term B loan facility in an aggregate principal amount of $950 million (the "A&R Term B Facility") and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of $500 million (the "A&R Revolving Credit Facility" and, together with the Term Loan Facilities, the "A&R Senior Credit Facilities").

The Company is obligated to make quarterly principal payments throughout the term of the A&R Term B Facility according to the amortization provisions in the A&R Credit Agreement.

In addition to paying interest on outstanding borrowings under the A&R Revolving Credit Facility, the Company is required to pay a quarterly commitment fee based on the unused portion of the A&R Revolving Credit Facility. Borrowings under the A&R Credit Agreement can be prepaid at the Company's option without premium or penalty other than a 1.00% prepayment premium that may be payable in connection with certain repricing transactions within a certain period of time after the closing date. Up to $75 million may be utilized under the A&R Revolving Credit Facility for the issuance of letters of credit to the Company or any of the Company's subsidiaries.

The A&R Senior Credit Facilities are subject to an interest rate and interest period which the Company will elect. If the Company chooses to make a base rate borrowing on an overnight basis, the interest rate will be based on the highest of (1) the rate of interest last quoted by The Wall Street Journal as the "prime rate" in the United States, (2) the greater of the federal funds effective rate and the overnight bank funding rate, plus 0.5% and (3) the one month adjusted LIBOR rate, plus 1.00% per annum. For the A&R Term Loan B Facility, the applicable LIBOR rate will not be less than 0.50% per annum. The applicable margin for the A&R Term B Facility is 2.25% per annum (for LIBOR loans) and 1.25% per annum (for base rate loans). The applicable margin for the A&R Revolving Credit Facility varies from 2.25% per annum to 1.75% per annum (for LIBOR loans) and 1.25% to 0.75% per annum (for base rate loans) based on the Company's leverage ratio.

The A&R Credit Agreement contains certain financial maintenance covenants and affirmative and negative covenants customary for financings of this type. All obligations under the A&R Senior Credit Facilities are unconditionally guaranteed jointly and severally by the Company and substantially all of the direct and indirect wholly owned subsidiaries of the Company that are organized under the laws of the United States (collectively, the "Guarantors"). The A&R Senior Credit Facilities are secured on a first priority basis by the equity interests of each direct subsidiary of the Company, as well as the tangible and intangible personal property and material real property of the Company and each of the Guarantors.

Note 19. Derivative Instruments

The Company uses interest rate swap agreements to manage exposure to interest rate risks. The Company does not use interest rate swap agreements for speculative or trading purposes. The gain or loss on the interest rate swaps that qualify as derivatives is recorded in Accumulated other comprehensive loss and is subsequently recognized as Interest expense in the Consolidated Statements of Operations when the hedged exposure affects earnings. If the related debt or the interest rate swap is terminated prior to maturity, the fair value of the interest rate swap recorded in Accumulated other comprehensive loss may be recognized in the Consolidated Statements of Operations based on an assessment of the agreements at the time of termination.

In March 2021, the Company entered into eight interest rate swap agreements (the "Swap Agreements") with several financial institutions for a combined notional value of $560 million. The effect of the Swap Agreements is to convert a portion of the Company's variable interest rate obligations based on three-month LIBOR with a minimum rate of 0.50% per annum to a base fixed weighted average rate of 0.9289% over terms ranging from three to five years. The Swap Agreements are adjusted to fair value on a quarterly basis. Contract gains or losses recognized in other comprehensive income (loss) and amounts reclassified from Accumulated other comprehensive loss into earnings were not material for any of the periods presented. Amounts expected to be reclassified into earnings in the next 12 months were not material as of December 31, 2021.

Note 20. Financial Instruments and Fair Value Measures

Fair Value of Financial Instruments—The FASB's accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The FASB's guidance classifies the inputs used to measure fair value into the following hierarchy:

Level 1 Quoted prices in active markets for identical assets or liabilities;
Level 2 Observable inputs other than the quoted prices in active markets for identical assets and liabilities; and
Level 3 Unobservable inputs for which there is little or no market data, which require the Company to develop assumptions of what market participants would use in pricing the asset or liability.

Financial and non-financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Credit and Market Risk—The Company continually monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. The terms and conditions of credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer.

Foreign Currency Risk Management—The Company conducts its business on a multinational basis in a wide variety of foreign currencies. It is exposed to market risks from changes in currency exchange rates. These exposures may impact future earnings and/or operating cash flows. The exposure to market risk for changes in foreign currency exchange rates arises from transactions arising from international trade, foreign currency denominated monetary assets and liabilities, and international financing activities between subsidiaries. The Company relies primarily on natural offsets to address the exposures and may supplement this approach from time to time by entering into forward and option hedging contracts. As of December 31, 2021 and 2020, the Company had no forward or option hedging contracts.

Senior Notes and Credit Agreement—As of December 31, 2021, the Company assessed the amount recorded under the A&R Term B Facility, the Senior Notes due 2029, and the Revolving Credit Facility. The Company determined that the Revolving Credit Facility approximated fair value. The A&R Term B Facility and the Senior Notes due 2029's fair values are approximately $943 million and $294 million, respectively. The fair values of the debt are based on the quoted inactive prices and are therefore classified as Level 2 within the valuation hierarchy.

Derivative Instruments—The fair value of the Swap Agreements at December 31, 2021 was not material. The estimated fair value is based on Level 2 inputs primarily including the forward LIBOR curve available to swap dealers. The carrying value of cash and cash equivalents, accounts receivables - net, and accounts payables contained in the Consolidated Balance Sheets approximates fair value.

(In millions, unless otherwise noted)

Note 21. Pension

The Company sponsors multiple funded and unfunded U.S. and non-U.S. defined benefit pension plans. Pension benefits for many of its U.S. employees are provided through non-contributory, qualified and non-qualified defined benefit plans. It also sponsors defined benefit pension plans which cover non-U.S. employees who are not U.S. citizens, in certain jurisdictions, principally Germany, Austria, Belgium, France, India, Switzerland, and the Netherlands.

The following tables summarize the balance sheet impact, including the benefit obligations, assets and funded status associated with the pension plans.

	U.S. Plans			Non-U.S. Plans		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
Change in benefit obligation:						
Benefit obligation at beginning of year	$ 374	$ 344	$ 286	$ 161	$ 137	$ 93
Service cost	7	7	5	7	7	5
Interest cost	10	11	13	1	1	2
Actuarial (gains) losses	(20)	38	51	(18)	6	27
Net benefits paid	(5)	(4)	(13)	-	-	-
Settlements	(18)	(22)	-	(1)	(6)	(3)
Other	-	-	2	1	2	13
Exchange rate adjustments	-	-	-	(10)	14	-
Benefit obligation at end of year	348	374	344	141	161	137
Change in plan assets:						
Fair value of plan assets at beginning of year	340	331	274	28	27	20
Actual return on plan assets	25	35	70	2	-	2
Contributions	-	1	-	3	2	2
Net benefits paid	(5)	(4)	(13)	1	-	1
Settlements	(18)	(22)	-	(1)	(6)	(3)
Other	-	(1)	-	-	3	5
Exchange rate adjustments	-	-	-	(1)	2	-
Fair value of plan assets at end of year	342	340	331	32	28	27
Funded status of plans (non-current)	$ (6)	$ (34)	$ (13)	$ (109)	$ (133)	$ (110)

The benefit obligation generated a global net actuarial gain of $38 million for the year ended December 31, 2021. A global increase in discount rates over the course of the year was the main driver, generating a total gain of $34 million across all plans. In addition, experience gains amounted to $6 million globally, ($2 million U.S. and $4 million Non-U.S.) and demographic assumptions gains were $3 million (driven primarily by the introduction of new demographic tables in Switzerland). These gains were partially offset by losses on other financial assumptions of approximately $5 million, primarily as a result of higher pension increase assumption in Germany.

Actual return on plan assets for the year ended December 31, 2021 was higher than expected driven by return-seeking asset performance exceeding expectations leading to an additional asset gain of $9 million globally, for a total asset return of $27 million globally.

(In millions, unless otherwise noted)

Amounts recognized in Accumulated other comprehensive (loss) associated with pension plans at December 31, 2021 and 2020 are as follows:

	U.S. Plans		Non-U.S. Plans	
	2021	2020	2021	2020
Prior service credit	$ (2)	$ (2)	$ -	$ -
Net actuarial loss (gain)	2	30	(2)	14
Net amount recognized	$ -	$ 28	$ (2)	$ 14

The components of net periodic benefit cost and other amounts recognized in Comprehensive income for pension plans include the following components:

	U.S. Plans			Non-U.S. Plans		
	2021	2020	2019	2021	2020	2019
Net Periodic Benefit Cost						
Service cost	$ 7	$ 7	$ 5	$ 7	$ 7	$ 5
Interest cost	10	11	13	1	1	2
Expected return on plan assets	(16)	(17)	(16)	(1)	(1)	(1)
Amortization of prior service credit	(1)	(1)	(1)	-	-	-
Mark to market adjustment	-	-	1	(3)	6	16
Other	-	3	-	-	-	2
Net periodic benefit cost	$ -	$ 3	$ 2	$ 4	$ 13	$ 24

The components of net periodic benefit cost other than the service cost are included in Other expense, net in the Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019.

	U.S. Plans			Non-U.S. Plans		
	2021	2020	2019	2021	2020	2019
Other Changes in Plan Assets and Benefits Obligations Recognized in Other Comprehensive Loss (Income)						
Actuarial (gains) losses	$ (20)	$ 38	$ 51	$ (18)	$ 6	$ 26
Excess return on plan assets[(1)]	(9)	(17)	(54)	-	-	(1)
Actuarial gains recognized during the year	-	(2)	-	3	(6)	(17)
Other	1	-	-	(1)	1	-
Total recognized in other comprehensive loss (income)	$ (28)	$ 19	$ (3)	$ (16)	$ 1	$ 8
Total recognized in net periodic benefit cost and other comprehensive loss (income)	$ (28)	$ 22	$ (1)	$ (12)	$ 14	$ 32

(1) Represents actual return on plan assets in excess of the expected return.

(In millions, unless otherwise noted)

Significant actuarial assumptions used in determining the benefit obligations and net periodic benefit (income) cost for benefit plans are presented in the following table as weighted averages.

	U.S. Plans			Non-U.S. Plans		
	2021	2020	2019	2021	2020	2019
Actuarial assumptions used to determine benefit obligations as of December 31:						
Discount rate	3.0%	2.7%	3.3%	1.2%	0.7%	1.1%
Interest crediting rate	6.0%	6.0%	6.0%	1.5%	1.5%	1.5%
Expected annual rate of compensation increase	3.2%	3.5%	3.4%	2.4%	2.4%	2.4%
Actuarial assumptions used to determine net periodic benefit cost for the year ended December 31:						
Discount rate - benefit obligation	2.7%	3.3%	4.5%	0.7%	1.1%	2.0%
Interest crediting rate	6.0%	6.0%	6.0%	1.5%	1.5%	1.5%
Expected rate of return on plan assets	4.7%	5.4%	5.7%	2.3%	2.7%	2.8%
Expected annual rate of compensation increase	3.5%	3.4%	3.4%	2.4%	2.4%	2.4%

The discount rate for the U.S. pension plans reflects the current rate at which the associated liabilities could be settled at the measurement date of December 31. To determine discount rates for the U.S. pension plans, the Company uses a modeling process that involves matching the expected cash outflows of its benefit plans to a yield curve constructed from a portfolio of high-quality, fixed income debt instruments. The Company uses the single weighted-average yield of this hypothetical portfolio as a discount rate benchmark.

The expected rate of return on U.S. plan assets of 4.7% is a long-term rate based on historical plan asset returns over varying long-term periods combined with current market conditions and broad asset mix considerations. The Company reviews the expected rate of return on an annual basis and revises it as appropriate.

For non-U.S. benefit plans, actuarial assumptions reflect economic and market factors relevant to each country.

The following amounts relate to pension plans with accumulated benefit obligations exceeding the fair value of plan assets.

	December 31,			
	U.S. Plans		Non-U.S. Plans	
	2021	2020	2021	2020
Projected benefit obligation	$ 3	$ 374	$ 139	$ 161
Accumulated benefit obligation	$ 2	$ 358	$ 124	$ 139
Fair value of plan assets	$ -	$ 340	$ 31	$ 28

The following amounts relate to pension plans with projected benefit obligations exceeding the fair value of the plan assets.

	December 31,			
	U.S. Plans		Non-U.S. Plans	
	2021	2020	2021	2020
Projected benefit obligation	$ 348	$ 374	$ 141	$ 161
Accumulated benefit obligation	$ 337	$ 358	$ 125	$ 139
Fair value of plan assets	$ 342	$ 340	$ 32	$ 28

The Company utilized a third-party investment management firm to serve as its Outsourced Chief Investment Officer; however, the Company has appointed an internal fiduciary committee that monitors adherence to the investment guidelines the firm will follow.

(In millions, unless otherwise noted)

The Company employs an investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities and plan funded status. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations. Other assets such as real estate and hedge funds may be used to improve portfolio diversification.

The non-U.S. investment policies are different for each country as local regulations, funding requirements, and financial and tax considerations are part of the funding and investment allocation process in each country.

A majority of the U.S. pension plan assets as of December 31, 2021 do not have published pricing and are valued using Net Asset Value ("NAV") which approximates fair value. NAV by asset category and fair value by asset category are as follows for December 31, 2021 and 2020:

	U.S. Plans				
	December 31, 2021		December 31, 2020		
	Total	NAV	Total	NAV	Level 1
Cash and cash equivalents	$ 4	$ 4	$ 6	$ 1	$ 5
Equity	95	95	105	105	-
Investment funds	16	16	14	14	-
U.S. treasury obligations	-	-	16	16	-
Government bonds	39	39	41	41	-
Corporate bonds	153	153	126	126	-
Real estate / property	35	35	32	32	-
Total assets at fair value	$ 342	$ 342	$ 340	$ 335	$ 5

The fair values of the non-U.S. pension plan assets as by asset category are as follows:

	Non-U.S. Plans							
	December 31, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Equity	$ 1	$ 1	$ -	$ -	$ 1	$ 1	$ -	$ -
Government bonds	1	-	1	-	1	-	1	-
Insurance contracts	10	-	-	10	10	-	-	10
Other	20	-	-	20	16	-	-	16
Total assets at fair value	$ 32	$ 1	$ 1	$ 30	$ 28	$ 1	$ 1	$ 26

The following table summarizes changes in the fair value of Level 3 assets for Non-U.S. plans:

	Non-U.S. Plans
Balance at December 31, 2018	$ 6
Return on plan assets	2
Purchases, sales and settlements, net	15
Other	1
Balance at December 31, 2019	24
Return on plan assets	-
Purchases, sales and settlements, net	(1)
Other	3
Balance at December 31, 2020	26
Return on plan assets	1
Purchases, sales and settlements, net	4
Other	(1)
Balance at December 31, 2021	$ 30

(In millions, unless otherwise noted)

Corporate Bonds and Government Bonds held as of December 31, 2021 and 2020 are valued either by using pricing models, bids provided by brokers or dealers, quoted prices of securities with similar characteristics or discounted cash flows and as such include adjustments for certain risks that may not be observable such as credit and liquidity risks. Other investments as of December 31, 2021 and 2020 and Insurance Contracts are classified as Level 3 as there are neither quoted prices nor other observable inputs for pricing. Insurance Contracts are issued by insurance companies and are valued at cash surrender value, which approximates the contract fair value. Other investments consist of a collective pension foundation that is valued and allocated by the plan administrator.

The Company utilizes the services of retirement and investment consultants to actively manage the assets of the Company's pension plans. The Company has established asset allocation targets and investment guidelines based on the guidance of the consultants. The Company's target allocations are 54% fixed income investments, 28% global equity investments, 9% global real estate investments and 9% cash and other investments.

The Company's general funding policy for qualified defined benefit pension plans is to contribute amounts at least sufficient to satisfy regulatory funding standards. In 2021, it was not required to make contributions to the U.S. pension plans, and no contributions were made. There is no requirement to make any contributions to the U.S. pension plans in 2022. In 2021, contributions of $3 million were made to the non-U.S. pension plans to satisfy regulatory funding requirements. In 2022, the Company expects to make contributions of cash and/or marketable securities of approximately $3 million to the non-U.S. pension plans to satisfy regulatory funding standards. Contributions for both the U.S. and non-U.S. pension plans do not reflect benefits paid directly from Company assets.

Benefit payments, including amounts to be paid from Company assets, and reflecting expected future service, as appropriate, are expected to be paid as follows:

	U.S. Plans	Non-U.S. Plans
2022	$ 15	$ 3
2023	$ 15	$ 2
2024	$ 16	$ 3
2025	$ 17	$ 3
2026	$ 18	$ 3
2027-2031	$ 96	$ 23

(In millions, unless otherwise noted)

Note 22. Geographic Areas—Financial Data

	Net Revenue (1) Years Ended December 31,			Long-lived Assets (2) December 31,		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
United States	$ 4,181	$ 3,543	$ 3,423	$ 244	$ 260	$ 272
Europe	1,196	1,121	1,117	139	144	136
Other International	469	407	448	46	47	45
	$ 5,846	$ 5,071	$ 4,988	$ 429	$ 451	$ 453

(1) Revenue between geographic areas approximate market and is not significant. Net revenue is classified according to their country of origin. Included in United States net revenue are export sales of $26 million, $21 million and $27 million in 2021, 2020 and 2019, respectively.

(2) Long-lived assets are comprised of Property, plant and equipment – net and lease right-of-use assets.

Note. 23 Subsequent Events

On February 6, 2022, the Company entered into an Equity Purchase Agreement providing for the Company to purchase 100% of the issued and outstanding capital stock of First Alert, Inc. (“First Alert”). First Alert and its subsidiaries offer a comprehensive portfolio of detection and suppression devices, including smoke alarms, carbon monoxide alarms, combination alarms, connected fire and carbon monoxide devices, and fire extinguishers and other suppression solutions, including through the First Alert®, BRK® and Onelink® brands. The base purchase price payable by the Company upon closing of the acquisition of First Alert is $593 million. The Company expects to fund the acquisition, through a combination of cash on hand, and incremental borrowings under a term loan facility. The transaction is anticipated to be completed in the first quarter of 2022, and is subject to customary closing conditions, including receipt of applicable regulatory approvals.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures designed to give reasonable assurance that information required to be disclosed in the Company's reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to management to allow timely decisions regarding required disclosures.

Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Because there are inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud have been or will be detected.

Our Chief Executive Officer and Chief Financial Officer, with the assistance of other members of our management, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at a reasonable assurance level as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013).

Based on this assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8. Financial Statements and Supplementary Data of this Form 10-K.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included in our Proxy Statement to be filed pursuant to Regulation 14A within 120 days after our year ended December 31, 2021 in connection with our 2022 Annual Meeting of Stockholders, or the 2022 Proxy Statement, and is incorporated herein by reference.

Item 11. Executive Compensation

Information relating to executive compensation is contained in the 2022 Proxy Statement referred to above in Item 10. Directors, Executive Officers and Corporate Governance, and such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information relating to certain beneficial ownership of certain stockholders and management, as well as certain other information required by this Item 12, will be contained in the 2022 Proxy Statement referred to above in Item 10. Directors, Executive Officers and Corporate Governance, and such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information relating to certain relationships and related transactions, as required by this Item 13, will be contained in the 2022 Proxy Statement referred to above in Item 10. Directors, Executive Officers and Corporate Governance, and such information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information relating to fees paid to and services performed by Deloitte & Touche LLP and our Audit Committee's pre-approval policies and procedures with respect to non-audit services are contained in the 2022 Proxy Statement referred to above in Item 10. Directors, Executive Officers and Corporate Governance, and such information is incorporated herein by reference.

PART IV.

Item 15. Exhibits, Financial Statement Schedules

(a)(1) **Financial Statements**

The Consolidated Financial Statements and related notes, together with the report of Deloitte & Touche LLP, Independent Registered Public Accounting Firm (PCAOB ID No. 34), appear in Part II Item 8. Financial Statements and Supplementary Data of this Form 10-K.

(a)(2) **Financial Statements Schedules**

All schedules have been omitted because they are not required or because the required information is given in the Consolidated Financial Statements or Notes thereto.

(a)(3) **Exhibits**

The Exhibits listed below on the Exhibit Index are filed or incorporated by reference as part of this Form 10-K.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Indemnification and Reimbursement Agreement, dated October 14, 2018, between New HAPI Inc. and Honeywell International Inc. (incorporated by reference to Exhibit 2.1 to Resideo's Form 10-K filed on February 25, 2021, File No. 001-38635)
2.2	Separation and Distribution Agreement, dated October 19, 2018, between Honeywell International Inc. and Resideo Technologies, Inc.* (incorporated by reference to Exhibit 2.1 to Resideo's Form 8-K filed on October 19, 2018, File No. 001-38635)
2.3	Transition Services Agreement, dated October 19, 2018, between Honeywell International Inc. and Ademco Inc., a subsidiary of Resideo Technologies, Inc.* (incorporated by reference to Exhibit 2.2 to Resideo's Form 8-K filed on October 19, 2018, File No. 001-38635)
2.4	Tax Matters Agreement, dated October 19, 2018, between Honeywell International Inc. and Resideo Technologies, Inc.* (incorporated by reference to Exhibit 2.3 to Resideo's Form 8-K filed on October 19, 2018, File No. 001-38635)
2.5	Employee Matters Agreement, dated October 19, 2018, between Honeywell International Inc. and Resideo Technologies, Inc.* (incorporated by reference to Exhibit 2.4 to Resideo's Form 8-K filed on October 19, 2018, File No. 001-38635)
2.6	Patent Cross-License Agreement, dated October 19, 2018, between Honeywell International Inc. and Resideo Technologies, Inc.* (incorporated by reference to Exhibit 2.5 to Resideo's Form 8-K filed on October 19, 2018, File No. 001-38635)
2.7	Trademark License Agreement, dated October 19, 2018, between Honeywell International Inc. and Resideo Technologies, Inc.* (incorporated by reference to Exhibit 2.6 to Resideo's Form 8-K filed on October 19, 2018, File No. 001-38635)
2.8	First Amendment to Indemnification and Reimbursement Agreement, dated as of April 21, 2020, between Resideo Intermediate Holding Inc. and Honeywell International Inc. (incorporated by reference to Exhibit 2.1 to Resideo's Form 8-K filed on April 23, 2020, File No. 001-38635)

2.9	First Amendment to Trademark License Agreement, dated as of April 21, 2020, between Resideo Technologies, Inc. and Honeywell International Inc. (incorporated by reference to Exhibit 2.7 to Resideo's Form 8-K filed on April 23, 2020, File No. 001-38635)
2.10	Second Amendment to Indemnification and Reimbursement Agreement, dated as of July 28, 2020, between Resideo Intermediate Holding Inc. and Honeywell International Inc. (incorporated by reference to Exhibit 2.1 to Resideo's Form 8-K filed on July 31, 2020, File No. 001-38635)
2.11	Second Amendment to Trademark License Agreement, dated as of September 23, 2020, between Resideo Technologies, Inc. and Honeywell International Inc. (incorporated by reference to Exhibit 2.11 to Resideo's form 10-K filed on February 25, 2021, File No. 001-38635)
2.12	Third Amendment to Indemnification and Reimbursement Agreement, dated as of November 16, 2020, between Resideo Intermediate Holding Inc. and Honeywell International Inc.* (incorporated by reference to Exhibit 2.1 to Resideo's Form 8-K filed on November 20, 2020, File No. 001-38635)
2.13	Fourth Amendment to Indemnification and Reimbursement Agreement, dated as of February 12, 2021, between Resideo Intermediate Holding Inc. and Honeywell International Inc. (incorporated by reference to Exhibit 2.1 to Resideo's Form 8-K filed February 17, 2021, File No. 001-38635).
3.1	Amended and Restated Certificate of Incorporation of Resideo Technologies, Inc. (incorporated by reference to Exhibit 3.1 to Resideo's Form 8-K filed on October 29, 2018, File No. 001-38635)
3.2	Amended and Restated By-laws of Resideo Technologies, Inc. (incorporated by reference to Exhibit 3.1 to Resideo's Form 8-K filed on February 19, 2021, File No. 001-38635)
4.1	Description of Securities of Registrant (incorporated by reference to Exhibit 4.1 to Resideo's form 10-K filed on February 25, 2021, File No. 001-38635)
4.2	Indenture, dated as of October 19, 2018, among Resideo Funding Inc., Resideo Technologies, Inc., the other guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee. (incorporated by reference to Exhibit 4.1 to Resideo's Form 8-K filed on October 19, 2018, File No. 001-38635)
4.3	Indenture, dated as of August 26, 2021, among Resideo Funding, Inc., as issuer, Resideo Technologies, Inc., the other guarantors named therein, and U.S. Bank National Association, as trustee. (incorporated by reference to Exhibit 4.1 to Resideo's Form 8-K filed on August 27, 2021, File No. 001-38635)
10.01	Form of Internal Hire Offer Letter ‡ (incorporated by reference to Exhibit 10.03 to Resideo's Form 10 filed on August 23, 2018, File No. 001-38635)
10.02	Resideo Technologies Supplemental Savings Plan ‡ (incorporated by reference to Exhibit 10.05 to Resideo's Form 10-K filed on March 18, 2019, File No. 001-38635)
10.03	Resideo Technologies, Inc. Severance Plan For Designated Officers as amended on November 15, 2018 ‡ (incorporated by reference to Exhibit 10.07 to Resideo's Form 10-K filed on March 18, 2019, File No. 001-38635)
10.04	Credit Agreement, dated as of October 25, 2018, by and among Resideo Technologies, Inc., Resideo Holding Inc., Resideo Intermediate Holding Inc., Resideo Funding Inc., the Lenders and Issuing Banks party thereto, and JPMorgan Chase Bank, N.A., as administrative agent. (incorporated by reference to Exhibit 10.1 to Resideo's Form 8-K/A filed on October 29, 2018, File No. 001-38635)
10.05	First Amendment to Credit Agreement dated as of November 26, 2019, by and among the Company Resideo Holding Inc., a Delaware corporation, Resideo Intermediate Holding Inc., a Delaware corporation, Resideo Funding Inc., a Delaware corporation, the lenders and issuing banks party thereto, and JPMorgan Chase Bank, N.A., as administrative agent. (incorporated by reference to Exhibit 10.1 to Resideo's Form 8-K filed on November 27, 2019. File No. 001-38635)

10.06	Resideo Amended and Restated 2018 Stock Incentive Plan ‡ (incorporated by reference to Exhibit 10.1 to Resideo's Form 10-Q filed on August 7, 2019, File No. 001-38635)
10.07	2018 Stock Plan for Non-Employee Directors of Resideo Technologies, Inc. ‡ (incorporated by reference to Exhibit 4.4 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.08	2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Stock Option Award Agreement. ‡ (incorporated by reference to Exhibit 4.5 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.09	2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Restricted Stock Unit Agreement. ‡ (incorporated by reference to Exhibit 4.6 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.10	2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Restricted Stock Unit Agreement (for replacement awards). ‡ (incorporated by reference to Exhibit 4.7 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.11	2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Performance Stock Unit Agreement. ‡ (incorporated by reference to Exhibit 4.8 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.12	2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Performance Unit Agreement. ‡ (incorporated by reference to Exhibit 4.9 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.13	2018 Stock Plan for Non-Employee Directors of Resideo Technologies, Inc. Form of Stock Option Award Agreement. ‡ (incorporated by reference to Exhibit 4.10 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.14	2018 Stock Plan for Non-Employee Directors of Resideo Technologies, Inc. Form of Restricted Stock Unit Agreement. ‡ (incorporated by reference to Exhibit 4.11 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.15	Resideo Technologies UK Sharebuilder Plan. ‡ (incorporated by reference to Exhibit 4.12 to Resideo's Form S-8 filed on December 6, 2018, File No. 333-228687)
10.16	Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Stock Option Award Agreement. ‡ (incorporated by reference to Exhibit 10.20 to Resideo's Form 10-K filed on March 18, 2019, File No. 001-38635)
10.17	Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Restricted Stock Unit Agreement. ‡ (incorporated by reference to Exhibit 10.21 to Resideo's Form 10-K filed on March 18, 2019, File No. 001-38635)
10.18	Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Performance Stock Unit Agreement. ‡ (incorporated by reference to Exhibit 10.22 to Resideo's Form 10-K filed on March 18, 2019, File No. 001-38635)
10.19	Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Performance Unit Agreement. ‡ (incorporated by reference to Exhibit 10.23 to Resideo's Form 10-K filed on March 18, 2019, File No. 001-38635)
10.20	Resideo Supplemental Pension Plan ‡ (incorporated by reference to Exhibit 10.24 to Resideo's Form 10-K filed on March 18, 2019, File No. 001-38635)
10.21	Bonus Plan of Resideo Technologies, Inc. ‡ (incorporated by reference to Exhibit 10.1 to Resideo's Form 8-K filed on February 14, 2019, File No. 001-38635)

10.22	Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Stock Option Award Agreement (adopted 2020). ‡ (incorporated by reference to Exhibit 10.5 to Resideo's Form 10-Q filed on May 7, 2020, File No. 001-38635)
10.23	Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Restricted Stock Unit Agreement (adopted 2020). ‡ (incorporated by reference to Exhibit 10.6 to Resideo's Form 10-Q filed on May 7, 2020, File No. 001-38635)
10.24	Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Performance Stock Unit Agreement (adopted 2020). ‡ (incorporated by reference to Exhibit 10.7 to Resideo's Form 10-Q filed on May 7, 2020, File No. 001-38635)
10.25	Employment Agreement Letter with Jay Geldmacher dated May 18, 2020. ‡ (incorporated by reference to Exhibit 10.1 to Resideo's Form 8-K filed on May 19, 2020, File No. 001-38635)
10.26	Amendment to Employment Agreement Letter with Jay Geldmacher dated July 1, 2021. ‡ (incorporated nu reference to Exhibit 10.1 to Resideo's Form 10-Q filed August 5, 2021, File No. 001-38635)
10.27	Offer Letter of Anthony L. Trunzo. ‡ (incorporated by reference to Exhibit 10.1 to Resideo's Form 8-K filed on May 29, 2020, File No. 001-38635)
10.28	Second Amendment to Credit Agreement dated as of November 16, 2020, by and among the Company, Resideo Holding Inc., a Delaware corporation, Resideo Intermediate Holding Inc., a Delaware corporation, Resideo Funding Inc., a Delaware corporation, the lenders and issuing banks party thereto, and JPMorgan Chase Bank, N.A., as administrative agent. (incorporated by reference to Exhibit 10.1 to Resideo's Form 8-K filed on November 20, 2020. File No. 001-38635)
10.29	Amendment and Restatement Agreement, dated as of February 12, 2021, by and among the Resideo Technologies, Inc., Resideo Holding Inc., Resideo Intermediate Holding Inc., Resideo Funding Inc., certain other subsidiaries of Resideo Technologies, Inc., the lenders and issuing banks party thereto, and JPMorgan Chase Bank, N.A., as administrative agent. (incorporated by reference to Exhibit 10.1 to Resideo's Form 8-K filed February 17, 2021, File No. 001-38635)
21.1	List of subsidiaries of the registrant (filed herewith)
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm (filed herewith)
24.1	Powers of Attorney ‡ (filed herewith)
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase (filed herewith)

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Certain schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish copies of any of the omitted schedules and similar attachments upon request by the U.S. Securities and Exchange Commission.
‡ Indicates management contracts or compensatory plans or arrangements.

Item 16. Form 10-K Summary

The Company has elected not to include a Form 10-K summary under this Item 16.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Resideo Technologies, Inc.

Date: February 15, 2022

By: /s/ Anthony L. Trunzo
Anthony L. Trunzo
Executive Vice President and Chief Financial Officer
(on behalf of the Registrant and as the
Registrant's Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated:

Name	Title	Date
/s/ Jay Geldmacher Jay Geldmacher	President, Chief Executive Officer and Director (Principal Executive Officer)	February 15, 2022
* Roger B. Fradin	Chairman of the Board	February 15, 2022
* Paul F. Deninger	Director	February 15, 2022
* Cynthia Hostetler	Director	February 15, 2022
* Brian G. Kushner	Director	February 15, 2022
* Jack R. Lazar	Director	February 15, 2022
* Nina L. Richardson	Director	February 15, 2022
* Andrew C. Teich	Director	February 15, 2022
* Sharon Wienbar	Director	February 15, 2022
* Kareem Yusuf	Director	February 15, 2022

*By: /s/ Jeannine J. Lane
(Jeannine J. Lane, Attorney-in-Fact)

February 15, 2022

April 26, 2022

Dear Resideo Shareholders:

It is my pleasure to invite you to attend the 2022 Annual Meeting of Shareholders of Resideo Technologies, Inc. ("Resideo" or the "Company"), which will be held via a live virtual meeting on Wednesday, June 8, 2022, at 1:00 p.m. Eastern Daylight Time.

2021 was a year of significant accomplishment for Resideo. The business built on the momentum of the second half of 2020 to deliver record financial performance and continue to strengthen the foundation for long-term, sustainable success. Both ADI Global Distribution and Products & Solutions delivered double digit year-over-year revenue growth and operating margin expansion. At the same time, we accelerated investment in areas key to our long-term strategy. This was accomplished against a backdrop of significant supply chain, inflationary and logistical challenges. I would like to thank the entire Resideo team for their tremendous efforts in 2021. The hard work across the organization enabled Resideo to manage through this challenging environment to deliver for customers and partners while generating record financial results.

During the year we unveiled our vision, purpose and values and undertook comprehensive strategic planning initiatives at the corporate level and within each business. Organizationally, we continued to strengthen the leadership team. This included additions to support our Environmental, Social, and Governance ("ESG") initiatives. We brought onboard a global leader for ESG and added a sustainability leader in the Products & Solutions business. Sustainability is core to our products, which are designed to help our customers to save energy, water and carbon and make their homes more comfortable, efficient and secure.

At ADI, revenue grew 15% in 2021 to $3.4 billion. This is a continuation of the consistent above-market growth ADI has delivered over the past decade. At the same time, ADI continued to invest in building a true omni-channel experience for its professional customers. This includes enhanced touchless transaction options that simplify the customer experience and free up sales associates for more value-added selling. We also saw initial success from the rollout of pricing optimization tools that provide the ADI sales team better real-time customer insight. These tools and an unrelenting focus on execution enabled the business to deliver 100 basis points of year-over-year gross margin expansion.

Within Products & Solutions, revenue grew 16% in 2021 to $2.5 billion as demand was strong across product categories and channels. The business completed critical foundational work including investments in sales operations and business development, systems consolidations, introduction of a comprehensive integrated business planning process, and digital efforts to consolidate and refresh our web presence. This work solidifies systems and processes to ensure we are more deeply engaged with key customers and partners, and we have the visibility to better plan and meet their needs.

We stepped up our investment in engineering and development at Products & Solutions in 2021. This included consolidating software development efforts under one leader, which generated significant progress in development and platforming initiatives. Our product roadmap has evolved meaningfully over the past year and our development pipeline is building across our portfolio. This includes specific programs targeting the expansion of our services offerings for enabling the professional and leveraging our broad portfolio with partners across our ecosystem, including utilities and in residential new construction.

As we look to 2022 and beyond, we see tremendous opportunity for Resideo across the residential and commercial markets we serve. People continue to invest in their homes as they look for a more comfortable, connected and simplified home experience. There is increasing awareness around personal security inside and outside the home, which we see benefiting both ADI and Products & Solutions. We believe the breadth of our product portfolio and relationship with professional contractors uniquely positions us to be a leading player as our markets continue to develop.

ADI remains focused on being an indispensable partner of choice for customers and suppliers. This begins with delivering the leading omni-channel user experience for the professional contractor. ADI will continue to broaden its offering of exclusive brands and technologies, not only in security categories but also with the organic and inorganic expansion into audio visual and data communications.

Within Products & Solutions, the team is focused on leveraging its significant footprint in the home through product innovation, and over time increased value-added services. We are excited by our recent acquisition of First Alert and the unique position its products occupy within the home and the tight fit with our long-term strategy.

Our performance in 2021 showed the potential of the business and the team we have assembled. We are steadfastly focused on execution to bring enhanced value to our customers and returns for our shareholders.

Sincerely,

Jay Geldmacher

Jay Geldmacher
President and Chief Executive Officer

16100 N. 71st St., Suite 550, Scottsdale, AZ 85254

Notice of 2022 Annual Meeting of Shareholders

DATE	TIME	PLACE
Wednesday, June 8, 2022	1:00 p.m. Eastern Daylight Time	Via the internet at www.virtualshareholdermeeting.com/ REZI2022

Our 2022 annual meeting will be a live virtual meeting. There will be no physical location for the annual meeting. You will be able to participate in the annual meeting, vote your shares electronically and submit your questions during the live virtual meeting by visiting www.virtualshareholdermeeting.com/REZI2022 and entering the 16-digit control number provided in your proxy materials. You may also submit questions in advance of the meeting by visiting www.proxyvote.com. For more information on accessing the virtual annual meeting, see Question 5 in the section entitled “Questions and Answers About the Annual Meeting and Voting” on page 69.

Agenda:

- Election of Directors
- Advisory vote to approve executive compensation
- Ratification of the appointment of independent registered public accounting firm
- Act on a shareholder proposal described in this Proxy Statement, if properly presented
- Transact such other business as may properly come before the meeting

How to Vote: Your vote is important to us. Unless you vote live at the virtual annual meeting, the deadline for receiving your vote is 11:59 p.m. Eastern Daylight Time, on June 7, 2022.

VIA INTERNET	BY PHONE	BY MAIL	VIA VIRTUAL MEETING
Visit www.proxyvote.com to vote your shares via the internet. You will need the 16-digit control number provided in your proxy materials when you access the web page.	If your shares are held in the name of a bank, brokerage firm or similar organization, follow the telephone voting instructions, if any, provided on your voting instruction card. If your shares are registered in your name, call 1-800-690-6903. You will need the 16-digit control number provided in your proxy materials when you call.	Complete and sign the proxy card or voting instruction form and return it in the enclosed postage pre-paid envelope.	You may vote your shares live at the virtual annual meeting by visiting www.virtualshareholdermeeting.com/ REZI2022. You will need to enter the 16-digit control number provided in your proxy materials to vote your shares at the virtual annual meeting.

This Notice of 2022 Annual Meeting of Shareholders and related proxy materials are being distributed or made available to shareholders beginning on April 26, 2022.

On behalf of Resideo’s Board of Directors,

JEANNINE LANE

EXECUTIVE VICE PRESIDENT,

GENERAL COUNSEL AND CORPORATE SECRETARY

Important Notice Regarding the Availability of Proxy Materials for the 2022 Annual Meeting of Shareholders to be held on Wednesday, June 8, 2022: our Proxy Statement and 2021 Annual Report are available free of charge on our Investor Relations website at investor.resideo.com.

Table of Contents

Proxy Statement Summary

Below are highlights of certain information in this Proxy Statement. As it is only a summary, it may not contain all of the information that is important to you. For more complete information, please refer to the complete Proxy Statement and Resideo's 2021 Annual Report before you vote. References to "Resideo," the "Company," "we," "us" or "our" refer to Resideo Technologies, Inc.

2022 Annual Meeting of Shareholders

Date and Time:	June 8, 2022, 1:00 p.m. EDT
Place:	Via the internet at www.virtualshareholdermeeting.com/REZI2022
Record Date:	April 11, 2022
Voting:	Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.
Admission:	To enter Resideo's virtual annual meeting via www.virtualshareholdermeeting.com/REZI2022, you will need the 16-digit control number provided in your proxy materials.

How to Cast Your Vote

Your vote is important! Please cast your vote and play a part in the future of Resideo.

Shareholders of record on the Record Date can vote through any of the following ways:

INTERNET	PHONE	MAIL	VIRTUAL MEETING
Visit www.proxyvote.com	Call 1-800-690-6903 toll-free from the U.S. or Canada	Return the signed proxy card	Vote your shares live at the virtual annual meeting

The deadline for voting via the internet or by telephone is 11:59 p.m. EDT on June 7, 2022. If you vote by mail, your proxy card must be received before the virtual annual meeting.

Beneficial owners who own shares through a bank, brokerage firm or similar organization can vote by returning the voting instruction form, or by following the instructions for voting via the internet or by telephone, as provided by the bank, brokerage firm or similar organization. If you own shares in different accounts or in more than one name, you may receive different voting instructions for each type of ownership. Please vote all of your shares.

If you are a shareholder of record or a beneficial owner, you may choose to vote at the virtual annual meeting. **Even if you plan to attend our virtual annual meeting, please cast your vote as soon as possible.** For more information on voting your shares, please see "Questions and Answers About the Annual Meeting and Voting" beginning on page 69.

About Resideo

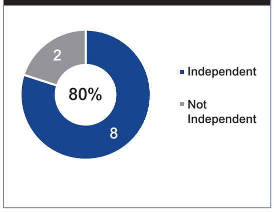
Resideo is a leading global manufacturer and developer of technology-driven products and solutions that provide comfort, security, energy efficiency and control to over 150 million homes globally. We are also the leading wholesale distributor of security, AV and low-voltage products with a global footprint serving commercial and residential end markets. Our primary focus is on the professional channel where we are a trusted partner to over 110,000 professional installers. Our global scale, breadth of product offerings, innovation heritage, and differentiated service and support has enabled our trusted relationship with professional installers and has been a key driver of our success. Leveraging our underlying strengths, we are transforming our business with a strategy that includes operational improvements, product innovation, and investments to drive future growth and value creation.

Voting Matters and Board Recommendations

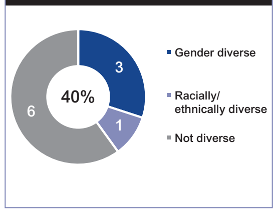
	VOTING MATTERS	BOARD RECOMMENDATIONS	PAGE REFERENCE (FOR MORE DETAIL)
Proposal 1.	Election of Directors	FOR Each Nominee	6
Proposal 2.	Advisory Vote to Approve Executive Compensation	FOR	37
Proposal 3.	Ratification of the Appointment of Independent Registered Public Accounting Firm	FOR	63
Proposal 4.	Shareholder Proposal to Reduce Ownership Threshold for Shareholders to Call a Special Meeting	AGAINST	66

Director Dashboard

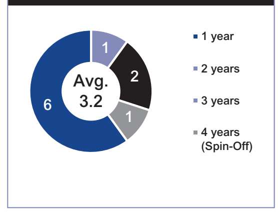
Director Independence



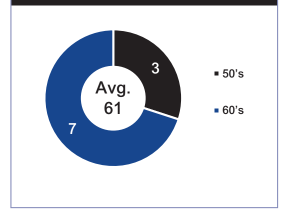
Board Diversity (Gender, Race/Ethnicity)



Tenure



Age



Our Board of Directors

Name	Age	Independent	Board Committee Memberships	Other Public Company Board Service
Roger Fradin (Chairman)	68	No	Finance Innovation and Technology	Janus International Group Juniper II Corp. L3Harris Technologies, Inc. Vertiv Holdings Co
Jay Geldmacher (President & CEO)	66	No	None	Seagate Technology plc
Paul Deninger	63	Yes	Audit Finance (Chair) Innovation and Technology	Epiphany Technology Acquisition Corp. EverQuote
Cynthia Hostetler	59	Yes	Finance Nominating and Corporate Governance	Textainer Group Holdings Limited Vulcan Materials Company
Brian Kushner	63	Yes	Audit Finance Innovation and Technology	Cumulus Media Inc. Mudrick Capital Acquisition Corporation II
Jack Lazar	56	Yes	Audit (Chair) Innovation and Technology	Box, Inc. GLOBALFOUNDRIES Inc. thredUP
Nina Richardson	63	Yes	Compensation and Human Capital Management Nominating and Governance (Chair)	Cohu, Inc. Eargo, Inc. Silicon Laboratories, Inc.
Andrew Teich (Lead Independent Director)	61	Yes	Compensation and Human Capital Management Innovation and Technology (Chair) Nominating and Governance	Juniper II Corp. Sensata Technologies Holding PLC
Sharon Wienbar	60	Yes	Compensation and Human Capital Management (Chair) Nominating and Governance	Colfax Corporation Covetrus, Inc
Kareem Yusuf	50	Yes	Compensation and Human Capital Management Innovation and Technology	

Corporate Governance Highlights

We are committed to strong corporate governance practices and policies, as described below, that support effective Board leadership and prudent management practices.

- ✔ Annual election of all directors
- ✔ Majority voting for directors in uncontested elections
- ✔ Lead Independent Director with specified duties and responsibilities
- ✔ Robust risk oversight by full Board and Committees
- ✔ Annual review of key Committee charters and Corporate Governance Guidelines

- Independent Audit, Compensation and Human Capital Management and Nominating and Governance Committees
- Finance Committee that reviews and oversees Resideo's capital structure and opportunities for maximizing shareholder value
- 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
- Annual Board and Committee evaluations
- 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
- Commitment to health, safety and environmental sustainability
- Oversight of human capital management, including diversity, equity and inclusion, by Compensation and Human Capital Management Committee
- Oversight of our code of business conduct and our role as a responsible corporate citizen, including our environmental, social and governance (ESG) programs, by the Nominating and Governance Committee
- Policies prohibiting short sales, hedging, margin accounts and pledging
- Shareholders holding at least 25% of the outstanding stock of the Company have the right to call a special meeting

Executive Compensation Preview

The Compensation Discussion and Analysis section of this Proxy Statement provides a focused discussion of our executive compensation philosophy and the pay programs applicable to our named executive officers. Our compensation program design directly links compensation to the performance of our business and rewards fiscal year results through our annual incentive plan and long-term performance with equity awards.

Our Named Executive Officers

Our leadership team during fiscal 2021 included the following Named Executive Officers ("NEOs"):

NAME	POSITION
Jay Geldmacher	President and Chief Executive Officer
Anthony L. Trunzo	Executive Vice President, Chief Financial Officer
Robert Aarnes	President, ADI Global Distribution
Phillip Theodore	President, Products & Solutions
Travis Merrill	Executive Vice President, Chief Strategy & Commercial Officer

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Forward-Looking Statements

This Proxy Statement and the cover letter contain “forward-looking statements” regarding expectations about future business and financial results, which speak only as of the date of this Proxy Statement. Although we believe that the forward-looking statements contained in this Proxy Statement are based upon reasonable assumptions, such statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, those described under the headings “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements” in our Annual Reports on Form 10-K for the year ended December 31, 2021. You are cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Except as required by law, we undertake no obligation to update such statements to reflect events or circumstances arising after the date of this presentation, and we caution investors not to place undue reliance on any such forward-looking statements.

Proposal 1: Election of Directors

Our Board currently consists of ten directors, and the Board has set the size of the Board as of this year's Annual Meeting at ten. All directors will stand for election each year for annual terms. Our Board has nominated the director nominees for re-election to the Board. We do not know of any reason why any nominee would be unable to serve as a director. If any nominee should become unavailable to serve prior to the Annual Meeting, the shares represented by proxy 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. Resideo'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.

Majority Voting for Directors

Resideo's By-Laws provide a majority voting standard for election of directors in uncontested elections. Each director will be elected by the affirmative vote of a majority of the votes cast, meaning that the number of votes cast "FOR" a director nominee exceeds 50% of the number of votes cast with respect to that director's election.

No incumbent director nominee shall qualify for service as a director unless he or she agrees to submit upon re-nomination to the Board an irrevocable resignation effective upon such director nominee's failure to receive a majority of the votes cast in an uncontested election. The Nominating and Governance Committee (excluding the nominee, if applicable) will make a recommendation to the Board as to whether to accept or reject the resignation, or whether other action should be taken. The Board, excluding the nominee, will act on the resignation and publicly disclose its decision in accordance with the By-Laws.

An election of directors is considered to be contested if there are more nominees for election than positions on the Board to be filled by election at the meeting of shareholders. In a contested election, the required vote would be a plurality of votes cast.

Director Nominees

The Board has affirmatively determined that each of the nominees qualifies for election under the Company's criteria for evaluation of directors. See "Nominating Board Candidates – Procedures and Qualifications" on page 23 for more information on qualifications for director nominees. The Nominating and Governance Committee 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 committee believes that each of the nominees has key personal attributes that are important to an effective board, including integrity, industry background, contribution to the composition, diversity and culture of the Board, educational background, the ability and willingness to constructively challenge management and the ability and commitment to devote sufficient time to Board duties. Set forth below is biographical information about the director nominees and their specific experience, qualifications and skills that have led the Board and the Nominating and Governance Committee to conclude that they should continue to serve as directors of Resideo. In addition, the Board has determined that each non-employee director nominee, other than Roger Fradin, qualifies as an independent director under NYSE corporate governance listing standards and the Company's director independence standards as further described under "Director Independence" on page 18.

The Board has established a director retirement policy whereby, unless the Board otherwise determines, non-employee directors shall serve only until the Annual Meeting of Shareholders immediately following their 75th birthday.

Director Qualifications and Skills

Our directors have a broad range of experience that spans different industries and encompasses the relevant business and technology sectors. Directors bring a variety of qualifications, skills and viewpoints to our Board that both strengthen their ability to carry out their oversight responsibilities on behalf of our shareholders and bring richness to Board deliberations. As described above and in the director biographies, our directors have key experiences, qualifications and skills that are relevant and important in light of our business, structure and growth strategy and include the following:

DIRECTOR QUALIFICATIONS AND SKILLS CRITERIA
Senior Leadership Experience Experience serving as CEO or a senior executive that provides a practical understanding of how complex organizations function and ability to support our commercial strategy, growth and performance
Consumer Products Experience with the retail consumer industry, e-commerce, customer service and consumer dynamics that aligns with our business strategies and opportunities
Manufacturing Experience with the operations of manufacturing facilities that provide critical perspectives in understanding and evaluating operational planning, management and risk mitigation of our business
Technology Experience developing and adopting new technologies as well as leading innovation initiatives that support the execution of our vision in the smart home market
Global Relations International business strategy, operations and substantive expertise in international matters relevant to our global business
Finance Experience with finance and financial reporting processes, including monitoring and assessing a company's operating performance to ensure accurate financial reporting and robust controls
Public Company Board Service Service on the boards and board committees of public companies that provides an understanding of corporate governance practices and risk management oversight as well as insights into board management and relations between the board, the CEO and senior management that will support our commitment to maintain a strong governance framework as an independent public company
Marketing Expertise in brand development, marketing and sales in local markets on a global scale relevant to our global business
Operations Managing the operations of a business and possessing a deep understanding of the end-markets we serve
Strategy Practical understanding of the development and implementation of strategic priorities and of the risks and opportunities that can impact a company's operations and strategies which will serve to drive our long-term growth
Mergers & Acquisitions Experience in business development and mergers and acquisitions to support our initiatives to identify and execute on tuck-in acquisitions and investments

The table below is a summary of the range of qualifications and skills that each director brings to the Board. The table does not include all of the qualifications that each director offers, and the fact that a particular experience, skill, or qualification is not checked for a specific director does not mean that the director does not possess it.

NAME	SENIOR LEADERSHIP EXPERIENCE	CONSUMER PRODUCTS	MANUFACTURING	TECHNOLOGY	GLOBAL RELATIONS	FINANCE	PUBLIC COMPANY BOARD SERVICE	MARKETING	OPERATIONS	STRATEGY	MERGERS & ACQUISITIONS
Roger Fradin (Chairman)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Jay Geldmacher (President & CEO)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Paul Deninger	✓			✓	✓	✓	✓	✓		✓	✓
Cynthia Hostetler	✓				✓	✓	✓	✓	✓	✓	✓
Brian Kushner	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Jack Lazar	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Nina Richardson	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Andrew Teich (Lead Independent Director)	✓		✓	✓	✓		✓	✓	✓	✓	✓
Sharon Wienbar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kareem Yusuf	✓	✓		✓	✓			✓	✓	✓	✓

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Director Biographies

The Board of Directors unanimously recommends a vote "FOR" Proposal 1 to elect each of the following director nominees.

Nominees for Election

Included in each biography are the key qualifications that led to the conclusion that such directors should serve on our Board.

ROGER FRADIN, Age 68

Non-Executive Chairman of the Board

Director since 2018

Committee Memberships:

- Finance
- Innovation and Technology

Key Qualifications:

- Extensive experience as an executive at Honeywell
- In-depth knowledge of the fire and security solutions and automation and control solutions industries
- Significant operational and product development experience
- Financial expertise and experience in capital markets
- Broad experience in marketing, including international markets

Other Current Public Company Directorships:

- Janus International Group
- Juniper II Corp.
- L3Harris Technologies, Inc. (formerly Harris Corporation)
- Vertiv Holdings Co (formerly GS Acquisition Holdings)

Background

Mr. Fradin joined Honeywell in 2000 when Honeywell acquired Pittway Corporation, where he served as president and chief executive officer of the Security and Fire Solutions segment. Mr. Fradin served as president and chief executive officer of Honeywell's Automation and Control Solutions business from January 2004 to April 2014 and served as vice chairman of Honeywell from April 2014 to February 2017. Mr. Fradin served as an independent contractor to Honeywell from March 2018 to September 2018. Mr. Fradin currently serves as executive chairman of Victory Innovation, a Carlyle company. He has also served an advisor to Seal Rock Partners since 2014 and as a consultant of The Carlyle Group, which he served as an operating executive from 2016 to 2019. Mr. Fradin received his M.B.A. and B.S. degrees from The Wharton School at the University of Pennsylvania. While a student at Wharton, Mr. Fradin also served as a member of its faculty. He previously served as a director of MSC Industrial Direct (1998-2019) and currently serves as an advisor to the board of MSC Industrial Direct, and previously served as a director of Goldman Sachs Acquisition Holdings (2018-2020) and Pitney Bowes (2012-2019).

JAY GELDMACHER, Age 66

President, Chief Executive Officer and Director

Director since 2020

Committee Memberships:
- None

Key Qualifications:
- Extensive experience leading a complex industrial and technology spinout
- Expert on both public and private equity backed companies
- Extensive background in the technology sector

Other Current Public Company Directorships:
- Seagate Technology plc

Background

Prior to joining Resideo, Mr. Geldmacher served as president and CEO of Electro Rent, a leader in testing and technology solutions and a Platinum Equity portfolio company since September 2019. From November 2013 to August 2019, Mr. Geldmacher served as president and CEO of Artesyn Embedded Technologies, a joint venture between Emerson Electric Company and Platinum Equity. Between 2007 and 2013, Mr. Geldmacher served as Executive Vice President of Emerson Electric Company and President of Emerson Network Power's Embedded Computing & Power Group, which designed, manufactured and distributed embedded computing and power products, systems and solutions. From 1996 to 2007, he served in a variety of roles of progressive responsibility at Emerson Electric. Mr. Geldmacher received his bachelor's degree in marketing from the University of Arizona and an executive MBA degree from the University of Chicago. Mr. Geldmacher previously served on the board of directors of Verra Mobility Corporation (2018-2020) and Owens-Illinois, Inc. (2008-2015).

PAUL DENINGER, Age 63

Independent Director

Director since 2018

Committee Memberships:
- Audit
- Finance (Chair)
- Innovation and Technology

Key Qualifications:
- Extensive senior management experience in operations and strategy
- Extensive experience in banking, capital markets and merger and acquisition strategies
- Deep knowledge of the technology sector

Other Current Public Company Directorships:
- Epiphany Technology Acquisition Corp.
- EverQuote

Background

Mr. Deninger is a venture partner with Material Impact, an early stage venture firm focused on identifying and supporting groundbreaking material science technologies and companies, and a senior managing director of Davis Partners Group, a c-suite advisory firm. He is also vice chairman of the board of Epiphany Technology Acquisition Corp., having previously served as a senior advisor to Evercore Inc., a publicly held investment banking advisory firm, from June 2016 to February 2020. Mr. Deninger served as a senior managing director with Evercore from February 2011 to June 2016. From December 2003 to October 2010, Mr. Deninger served as a vice chairman at Jefferies Group LLC, a wholly-owned subsidiary of Jefferies Financial Group Inc., a diversified financial services company. Prior to that, he served as chairman and chief executive officer of Broadview International LLC, a mergers and acquisitions advisory firm focused on the technology industry. Mr. Deninger received his B.S. from Boston College and his M.B.A. from Harvard Business School. He previously served as a director at Iron Mountain Inc. (2010-2021).

CYNTHIA HOSTETLER, Age 59

Independent Director

Director since 2020

Committee Memberships:

- Finance
- Nominating and Governance

Key Qualifications:

- Broad investment, financial and risk management skills
- Experienced public and investment company board member
- Significant experience with investment management, including ESG and investor relations issues

Other Current Public Company Directorships:

- Textainer Group Holdings Limited
- Vulcan Materials Company

Background

Ms. Hostetler is a professional director of public companies and investment funds in the United States. She currently serves on the boards of public companies Textainer Group Holdings Limited (shipping container leasing) since 2021 and Vulcan Materials Company (construction materials) since 2014. Ms. Hostetler also serves as Trustee of Invesco Funds (global mutual funds) since 2017 and as Director of TriLinc Global Impact Fund, LLC (international investment fund) since 2013. Ms. Hostetler has served on the Investment Company Institute Board of Governors since 2018 and on the Independent Directors Council board since 2014. Previously, Ms. Hostetler served as a Trustee of Aberdeen International Funds, New York, New York (global mutual funds) from 2013 to 2017; Director of Artio Global Funds, New York, New York (global mutual funds) from 2010 to 2013; Director of Genesee & Wyoming, Inc. (short line railroads) from 2018 to 2019; and Director of Edgen Group Inc., Baton Rouge, Louisiana (energy infrastructure) from 2013 to 2014. Ms. Hostetler served as the Head of Private Equity and Investment Funds of Overseas Private Investment Corporation from 2001 to 2009 and as a board member and President of First Manhattan Bancorporation from 1991 to 2006. Ms. Hostetler began her career as a corporate lawyer with Simpson Thacher & Bartlett in New York. Ms. Hostetler earned her bachelor's degree from Southern Methodist University and holds a Juris Doctor from the University of Virginia School of Law.

BRIAN KUSHNER, Age 63

Independent Director

Director since 2019

Committee Memberships:

- Audit
- Finance
- Innovation and Technology

Key Qualifications:

- Decades of experience leading corporate transformation efforts
- Proven expertise in corporate performance improvement, including financial expertise
- Served in roles that include chairman, director, chief executive officer and chief restructuring officer at more than 35 public and private companies

Other Current Public Company Directorships:

- Cumulus Media Inc.
- Mudrick Capital Acquisition Corporation II

Background

Mr. Kushner has served as a senior managing director at FTI Consulting, Inc., a global business advisory firm, since 2009, where he serves as leader of the Private Capital Advisory Services practice and as the co-leader of the Technology practice, the Aerospace, Defense and Government Contracting practice and the Activism and M&A Solutions practice. Prior to joining FTI, Mr. Kushner was the co-founder of CXO, L.L.C., a boutique interim and turnaround management consulting firm that was acquired by FTI at the end of 2008. Over the past three decades, Mr. Kushner has served as a director, chief executive officer ("CEO") or chief restructuring officer ("CRO") of over 35 public and private technology, manufacturing, telecom and defense companies, during which time he worked on the acquisition or disposition of more than 25 companies. Mr. Kushner has also periodically served as the CEO, interim CEO, or the CRO of companies that elected to utilize bankruptcy proceedings as part of their financial restructuring process and, as such, he served as an executive officer of various companies that filed bankruptcy petitions under federal law, including, most recently, Relativity Media LLC and its affiliates in 2015. Mr. Kushner received his B.S. and M.S. degree in Applied and Engineering Physics from Cornell University and his Ph.D. in Applied Physics with a minor in Electrical Engineering, also from Cornell University. He previously served as a director at Thryv, Inc. (2016-2020), Hycroft Mining Corp. (formerly Mudrick Capital Acquisition Corporation) (2018-2020), Luxfer Holdings PLC (2016-2018) and EveryWare Global, Inc. (2015-2016).

JACK LAZAR, Age 56

Independent Director

Director since 2018

Committee Memberships:

- Audit (Chair)
- Innovation and Technology

Key Qualifications:

- Strong financial, technological and operational expertise
- Experienced technology company executive and consultant
- Expertise in best practices for a public company on a global scale

Other Current Public Company Directorships:

- Box, Inc.
- GLOBALFOUNDRIES Inc.
- thredUP

Background

Mr. Lazar has been an independent business consultant since March 2016. From January 2014 to March 2016, he served as the chief financial officer of GoPro, Inc., a provider of wearable and mountable capture devices. From January 2013 to January 2014, he was an independent business consultant. From May 2011 to January 2013, Mr. Lazar served as senior vice president, corporate development and general manager of Qualcomm Atheros, Inc., a developer of communications semiconductor solutions. From September 2004 to May 2011, Mr. Lazar served in a variety of roles at Atheros Communications, most recently as Atheros' chief financial officer and senior vice president of corporate development. Mr. Lazar is a certified public accountant (inactive) and received his B.S. degree in commerce with an emphasis in accounting from Santa Clara University. He previously served as a director at Silicon Laboratories Inc. (2013-2022), Casper Sleep, Inc. (2019-2022), Mellanox Technologies, Ltd (2018-2020), Quantenna Communications (2016-2019) and TubeMogul, Inc. (2013-2016).

NINA RICHARDSON, Age 63

Independent Director

Director since 2018

Committee Memberships:

- Compensation and Human Capital Management
- Nominating and Governance (Chair)

Key Qualifications:

- Extensive global operational and leadership experience in the technology sector
- Experience ranging from start-up companies to multi-billion-dollar corporations
- In-depth knowledge of human resources

Other Current Public Company Directorships:

- Cohu, Inc.
- Eargo, Inc.
- Silicon Laboratories, Inc.

Background

Ms. Richardson served as chief operating officer of GoPro, Inc. from February 2013 to February 2015. Prior to that, she held several executive positions of increasing responsibility at Flextronics, Inc., a global electronics and manufacturing service provider. She has been an independent consultant and served on several private technology company boards since 2015. Currently, she serves as managing director of Three Rivers Energy, Inc., a company she co-founded in 2004. Ms. Richardson received her B.S. degree in industrial engineering from Purdue University and an executive M.B.A. from Pepperdine University. She previously served as a director at Zayo Group Holdings, Inc. (2015-2018), Callidus Software, Inc. (2017-2018) and Silicon Graphics International Corp. (2016).

ANDREW TEICH, Age 61

Lead Independent Director

Director since 2018

Committee Memberships:

- Compensation and Human Capital Management
- Innovation and Technology (Chair)
- Nominating and Governance

Key Qualifications:

- Seasoned executive with experience in acquisitions and operational integration
- Extensive product/technology and sales/marketing skills
- Expertise in artificial intelligence technology

Other Current Public Company Directorships:

- Juniper II Corp.
- Sensata Technologies Holding PLC

Background

Mr. Teich has been a private technology consultant since June 2017. From May 2013 until June 2017, he served as the chief executive officer and president of FLIR Systems, Inc., a public multinational imaging and sensing company, and a director from July 2013 to June 2017. Mr. Teich joined FLIR Systems, Inc. in 1999 and held various positions of increasing responsibility within the company including president of the Commercial Systems, Commercial Vision Systems and Thermography divisions throughout his tenure. Mr. Teich received his B.S. degree in marketing from Arizona State University and is an alumnus of the Harvard Business School Advanced Management Program.

SHARON WIENBAR, Age 60

Independent Director

Director since 2018

Committee Memberships:

- Compensation and Human Capital Management (Chair)
- Nominating and Governance

Key Qualifications:

- Extensive experience as an operating executive and strategist in the software and technology sectors
- Leadership in technology investments and partnerships
- Expertise in start-up operations and venture capital investing

Other Current Public Company Directorships:

- Colfax Corporation
- Covetrus, Inc.

Background

Ms. Wienbar was chief executive officer of Hackbright Academy, a technology training firm, from 2015 to 2016. From 2001 to 2015, she served as a partner at Scale Venture Partners (known as BA Venture Partners prior to 2007), a technology and healthcare venture capital firm. Prior to her venture capital career, Ms. Wienbar was an executive in several software companies, including Adobe Systems, and a consultant at Bain & Company. Ms. Wienbar received her S.B. and S.M. degrees in engineering from Harvard University and her M.B.A. from Stanford University. She previously served on Microsoft Inc.'s venture advisory committee and as a director at Everyday Health, Inc. (2014-2016) and Glu Mobile, Inc. (2007-2008).

KAREEM YUSUF, Age 50

Independent Director

Director since 2021

Committee Memberships:

- Compensation and Human Capital Management
- Innovation and Technology

Key Qualifications:

- Extensive experience with critical technologies, including artificial intelligence, the internet-of-things, hybrid cloud and blockchain
- Leadership of management and growth of market-leading brands and applications
- Extensive experience managing large, cross-functional organizations and providing strategic direction

Other Current Public Company Directorships:

- None

Background

Dr. Yusuf is a general manager, AI Applications, of International Business Machines Corporation (IBM), a provider of integrated technology solutions and products, a position he has held since 2018. Prior to his current position, Dr. Yusuf was the chief product officer and chief technology officer for product direction and technology infrastructure of a business unit of IBM from 2016 to 2018. Dr. Yusuf joined IBM in 1998 and has held positions of increasing responsibility in technical sales and support, product management, mergers and acquisitions strategy and software development. Dr. Yusuf received his bachelor's degree in civil engineering from the University of Berlin, his master's of science degree in structural engineering from the University of Manchester and his Ph.D. in civil engineering from the University of Leeds.

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Our Governance Framework

Our corporate governance framework is a set of principles, guidelines and practices that support strong performance and long-term value creation for our shareholders. Our commitment to good corporate 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 Board is committed to maintaining the highest standards of corporate governance. Our Board is guided by our Corporate Governance Guidelines, which address director responsibilities, director skills and characteristics, memberships on other boards, director access to management and other employees, director orientation and continuing education, director retirement and the annual performance evaluations of the Board and Committees. Because corporate governance practices evolve over time, our Board will review and approve our Corporate Governance Guidelines, Committee charters and other governance policies at least once a year and update them as necessary and appropriate.

Our Board and Culture

Our Board is deeply engaged, provides informed and meaningful guidance and feedback, and maintains an open dialogue with management based on a clear understanding of our strategic plans. At each Board meeting, we review components of our long-term strategy with our directors and engage in constructive dialogue which our leadership team embraces. Our directors have access to our officers and employees to address questions, comments or concerns. Additionally, the Board and Committees have the power to hire independent legal, financial or other advisors without approval from, or consultation with, Resideo management.

Our Board also takes an active role in ensuring we embrace “best practices” in corporate governance. The partnership and oversight of a strong and multi-faceted Board with diverse perspectives rooted in deep experience in global business, finance, technology and strategy are essential to creating long-term shareholder value.

Corporate Governance Overview

Presented below are some highlights of our corporate governance program. You can find details about these and other corporate governance policies and practices within this Proxy Statement.

KEY GOVERNANCE PRACTICES	
CORPORATE GOVERNANCE GUIDELINES	• Our Corporate Governance Guidelines have been designed to assist the Board in the exercise of its duties and responsibilities to our Company. They reflect the Board’s commitment to monitor the effectiveness of decision-making at the Board and management levels with a view to achieving our strategic objectives. • The guidelines are reviewed annually and subject to modification by the Board at any time.
INDEPENDENT BOARD	• Eight of our 10 directors are independent as defined by the listing standards of the NYSE.
BOARD COMPOSITION	• Currently, the Board has fixed the number of directors at 10. • The Board will regularly assess its performance and can adjust the number of directors according to the needs of the Board and the Company. • As shown under “Director Qualifications and Skills” beginning on page 7 and in the biographies of the directors beginning on page 9, our Board has a diverse mix of skills, experience and backgrounds that support our growth and commercial strategy.

KEY GOVERNANCE PRACTICES	
LEAD INDEPENDENT DIRECTOR	• The Board has appointed Mr. Teich as Lead Independent Director. Mr. Teich possesses the attributes that the Board believes will ensure independent oversight of management. See "Board Leadership Structure" on page 17 for additional information.

BOARD COMMITTEES	• The Board consists of five standing committees:
	  • Audit,
	  • Compensation and Human Capital Management,
	  • Nominating and Governance,
	  • Finance, and
	  • Innovation and Technology.
	• Each of the Audit, Compensation and Human Capital Management, and Nominating and Governance Committees is composed entirely of independent directors.
	• Each Board Committee has a written charter and key Board Committee charters are reviewed and re-assessed annually.
	• Each committee charter is posted and available on our Investor Relations website at investor.resideo.com.

MEMBERSHIPS ON OTHER BOARDS	• Under our Corporate Governance Guidelines, directors who serve as chief executive officers of public companies should not serve on more than three public company boards (including their own); provided, however, that solely with respect to the Company's CEO, such CEO may not sit on more than two public company boards (including service on the Company's Board). • Other directors should not serve on more than five public company boards (including service on our Board).
BOARD DIVERSITY	• Three of our 10 Board members are women and one of our Board members is racially/ethnically diverse. The Nominating and Governance Committee actively considers diversity when evaluating new candidates.
ROBUST RISK OVERSIGHT	• Our full Board is responsible for risk oversight and has designated committees to have particular oversight of certain key risks. Our Board oversees management as it fulfills its responsibilities for the assessment and mitigation of risks and for taking appropriate risks.
BOARD AND COMMITTEE SELF-EVALUATION	• The Board conducts an annual self-evaluation led by the Nominating and Governance Committee to determine whether it and its committees are functioning effectively and to solicit feedback from directors as to whether the Board is continuing to evolve and be refreshed in a manner that serves the needs of the Company.
MAJORITY VOTING OF DIRECTORS	• Our By-Laws provide for majority voting in uncontested elections of directors. Any directors standing for re-nomination to the Board must agree to submit an irrevocable resignation effective upon that director's failure to receive a majority vote and the acceptance of the resignation by the Board.
INTEGRITY & COMPLIANCE PROGRAM	• The Audit Committee regularly reviews the Company's integrity and compliance program, and the Nominating and Governance Committee provides oversight of the Company's policies related to its Code of Business Conduct. • 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 training, and the Company provides comprehensive training on additional key compliance topics, available in over 15 languages. • All employees and members of the Board are subject to the Code of Business Conduct. • Regional integrity and compliance councils meet quarterly to discuss key compliance topics and to provide feedback with regard to the integrity and compliance program.

KEY GOVERNANCE PRACTICES	
OVERSIGHT OF ESG AND HUMAN CAPITAL MANAGEMENT	• Our Nominating and Governance Committee oversees our role as a responsible corporate citizen, including key aspects of our ESG programs. • Our Compensation and Human Capital Management Committee oversees our human capital management, including diversity, equity and inclusion. Management regularly reports to the committee regarding diversity, equity and inclusion initiatives, our total rewards philosophy, and our plans, policies and programs related to hiring, development and retention.
BOARD OVERSIGHT OF POLITICAL CONTRIBUTIONS	• The Nominating and Governance Committee oversees our policies and practices relating to political contributions.
SHAREHOLDER RIGHTS	• Subject to certain terms and conditions, our By-Laws provide that shareholders who have maintained continuous qualifying ownership of at least 3% of our outstanding common stock for at least three years may use our annual meeting proxy statement to nominate a number of director candidates not to exceed the greater of two candidates or 20% of the number of directors then in office. • Shareholders holding at least 25% of the outstanding stock of the Company have the right to call a special meeting. • We do not have a poison pill, nor do we have supermajority voting provisions.
SUCCESSION PLANNING	• Our Board oversees and annually reviews leadership development and assessment initiatives, as well as short- and long-term succession plans for the CEO and other senior management.
HEDGING AND PLEDGING PROHIBITIONS	• All of our directors, officers and employees are prohibited from engaging in short sales of Resideo securities and selling or purchasing puts or calls or otherwise trading in or writing options on Resideo securities and using certain financial instruments (including forward sale contracts, equity swaps, collars and exchange funds), holding securities in margin accounts or pledging Resideo securities as collateral, in each case, that are designed to hedge or offset any decrease in the market value of Resideo securities.
STOCK OWNERSHIP GUIDELINES	• We have meaningful stock ownership guidelines: • CEO: 6x base salary • Other Executive Officers: 3x base salary • Non-employee directors: 5x annual cash retainer • Five-year period from appointment or election to meet the ownership requirement
CLAWBACK POLICY	• We have a clawback policy pursuant to which our Board will seek to recover excess incentive compensation paid to senior executives in the event of a material restatement of our financial results involving misconduct by the senior executive.

Our Certificate of Incorporation, By-Laws, Committee Charters, Corporate Governance Guidelines and Code of Business Conduct are available on our Investor Relations website at investor.resideo.com. Paper copies of these documents can be obtained by writing to Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Corporate Secretary.

Board Leadership Structure

The Company's current Board leadership structure consists of a non-executive Chairman of the Board, and, because the Board has determined that the Chairman is not independent, a Lead Independent Director who was appointed by the independent directors of the Board. The Board believes the current structure of separating the roles of Chairman and CEO, as well as having a Lead Independent Director, allows for alignment of corporate governance with the interests of shareholders. The Board believes that this structure allows our CEO to focus on operating and managing the Company, leverages our Chairman's experience in guidance and oversight, and ensures overall independence of the Board through clearly defined roles and responsibilities of the Lead Independent Director. While the Board believes that this structure currently is in the best interests of Resideo and its shareholders, it does not have a policy with respect to separating the roles of Chairman and CEO and appointing a Lead Independent Director if the Chairman is independent and could adjust the structure in the future as it deems appropriate.

Lead Independent Director

The Board has determined that Mr. Fradin, a former employee of Honeywell, may not currently be independent and has appointed Mr. Teich as the Lead Independent Director in accordance with our Corporate Governance Guidelines. In electing Mr. Teich, the independent directors of the Board considered Mr. Teich in light of the following selection criteria:

- Qualifies as independent, in accordance with relevant listing standards;
- Able to commit the time and level of engagement required to fulfill the substantial responsibilities of the role; and
- Possesses effective communication skills to facilitate discussions among members of the Board, including among the independent directors, Mr. Geldmacher and Mr. Fradin, and engage with key stakeholders.

As the Lead Independent Director, Mr. Teich has the following duties and responsibilities:

- Review Board meeting agendas and Board meeting schedules to ensure there is sufficient time for discussion of all agenda items;
- Provide input regarding presentation materials and other written information provided to directors for Board meetings;
- Preside at all meetings at which the Chairperson is not present, including executive sessions of the independent directors;
- Be available for consultation and direct communications with the Company's shareholders; and
- Perform such other duties as the Board may determine from time to time.

Director Independence

Providing objective, independent judgment is at the core of the Board's oversight function. The Nominating and Governance Committee conducts an annual review of the independence of the directors and reports its findings to the full Board. The Board has affirmatively determined that all non-employee directors, other than Mr. Fradin who is a former employee of Honeywell, satisfy the independence criteria in the applicable NYSE listing standards and SEC rules (including the enhanced criteria with respect to members of the Audit Committee and the Compensation and Human Capital Management Committee). Regarding Mr. Fradin, the Board considered that more than four years have elapsed since Mr. Fradin was employed by Honeywell, but acknowledges that other relationships described in this Proxy Statement currently suggest that Mr. Fradin may not be fully independent.

For a director to be considered independent, the Board must determine that the director does not have any material relationships with Resideo, either directly or as a partner, shareholder or officer of an organization that has a relationship with Resideo, other than as a director and shareholder. Material relationships can include vendor, supplier, consulting, legal, banking, accounting, charitable and family relationships, among others. In addition to Mr. Fradin, Mr. Geldmacher as an employee of Resideo, does not satisfy the independence criteria described below.

Criteria for Director Independence

The Board considered all relevant facts and circumstances in making its determination that all of our directors are independent other than Mr. Fradin and Mr. Geldmacher, including the following:

- No such director or nominee receives any direct compensation from Resideo other than under the non-employee director compensation program described beginning on page 26.
- No immediate family member (within the meaning of the NYSE listing standards) of any such director or nominee is an employee of Resideo or otherwise receives direct compensation from Resideo.
- No such director or nominee is affiliated with Resideo or any of its subsidiaries or affiliates.

- No such director or nominee is an employee of Resideo's independent accountants and no such director or nominee (or any of their respective immediate family members) is a current partner of Resideo's independent accountants, or was within the last three years, a partner or employee of Resideo's independent accountants and personally worked on Resideo's audit.
- No such director or nominee is a member, partner or principal of any law firm, accounting firm or investment banking firm that receives any consulting, advisory or other fees from Resideo.
- No Resideo executive officer is on the compensation committee of the board of directors of a company that employs any of our non-employee directors or nominees (or any of their respective immediate family members) as an executive officer.
- No such director or nominee (or any of their respective immediate family members) is indebted to Resideo, nor is Resideo indebted to any such director or nominee (or any of their respective immediate family members).
- No such director or nominee serves as an executive officer of a charitable or other tax-exempt organization that received contributions from Resideo.
- While a non-employee director's or nominee's service as an outside director of another company with which Resideo does business would generally not be expected to raise independence issues, the Board also considered those relationships and confirmed the absence of any material commercial relationships with any such company. Specifically, those commercial relationships were in the ordinary course of business for Resideo and the other companies involved and were on terms and conditions available to similarly situated customers and suppliers.

The above information was derived from Resideo's books and records and responses to questionnaires completed by the directors and officers in connection with the preparation of this Proxy Statement.

In assessing Dr. Yusuf's independence, the Board considered that, in the ordinary course of business, the Company purchases products and services from IBM, Dr. Yusuf's employer. These transactions were entered into before Dr. Yusuf joined the Board, and he has no personal involvement in them, nor does he derive any material benefit from them. The amounts involved are immaterial to both the Company and IBM.

Committees of the Board

Our Board consists of five standing Committees: Audit, Compensation and Human Capital Management, Nominating and Governance, Finance and Innovation and Technology. The Board has adopted written charters for each Committee, which are available on our Investor Relations website at investor.resideo.com. All Board members are invited to attend the meetings of each Committee, except as restricted by independence standards.

The following table sets forth the Board Committees and the current members of each of the Committees.

	Independent	Audit	Compensation and Human Capital Management	Nominating and Governance	Finance	Innovation and Technology
Roger Fradin					Member	Member
Jay Geldmacher						
Paul Deninger	✔	Member			Chair	Member
Cynthia Hostetler	✔			Member	Member	
Brian Kushner	✔	Member			Member	Member
Jack Lazar	✔	Chair				Member
Nina Richardson	✔		Member	Chair		
Andrew Teich	✔		Member	Member		Chair
Sharon Wienbar	✔		Chair	Member		
Kareem Yusuf	✔		Member			Member
2021 Meetings		5	5	6	8	4

Each of the Audit, Compensation and Human Capital Management and Nominating and Governance Committees consists solely of directors who have been determined by the Board to be independent in accordance with SEC regulations, NYSE listing standards and the Company's director independence standards (including the heightened independence standards and considerations for members of the Audit and Compensation and Human Capital Management Committees).

COMMITTEE	RESPONSIBILITIES
AUDIT COMMITTEE **Jack Lazar, Chair** **Paul Deninger** **Brian Kushner**	• Appoint and recommend to the shareholders for approval the firm to be engaged as the Company's independent auditor and be directly responsible for the compensation, retention and oversight of the independent auditor, including the resolution of disagreements between management and the independent auditor regarding financial reporting; • Review the results of each external audit and other matters related to the conduct of the audit and advise the Board on whether it recommends that the audited financial statements be included in the Annual Report on Form 10-K; • Review with management and the independent auditors, prior to filing, the interim financial results to be included in quarterly reports on Form 10-Q; • Review and discuss with the independent auditors any identified critical audit matters; • Evaluate the independent auditor's performance at least annually; • Approve all non-audit engagements with the independent auditor; • Review reports of the independent auditor and the chief internal auditor related to the adequacy of the Company's internal accounting controls, disclosure processes and its procedures designed to ensure compliance with laws and regulations; • Consider and review, in consultation with the independent auditor and the chief internal auditor, the scope and plan for forthcoming external and internal audits; • Review annually the performance of the internal audit group; • Review management's assessment of the effectiveness of the Company's internal control over financial reporting; • Review, approve and establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters or other legal, ethical, reputational or regulatory concerns; • Produce the annual Report of the Audit Committee included in the Proxy Statement; and • Oversee major financial risks and enterprise exposures and risk assessment and risk management policies.
Each member of the Audit Committee is an independent director under applicable SEC rules and NYSE listing standards and is "financially literate" under NYSE listing standards. The Board has determined that Messrs. Lazar, Deninger and Kushner each qualify as an "audit committee financial expert" under applicable SEC rules. In addition to Resideo, Mr. Lazar serves on the audit committee of three other public reporting companies. The Board has determined that Mr. Lazar's simultaneous service on these other boards does not impair his ability to serve effectively on the Company's Audit Committee.	
COMPENSATION AND HUMAN CAPITAL MANAGEMENT COMMITTEE **Sharon Wienbar, Chair** **Nina Richardson** **Andrew Teich** **Kareem Yusuf**	• Review and approve the corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance relative to these goals and objectives and determine and approve the CEO's compensation level; • Review and approve the annual salary and other remuneration of the executive officers; • Periodically review the operation and structure of the Company's compensation programs; • Review proposals for and determine total share usage under the Company's equity compensation programs; • Oversee the Company's plans, policies and programs related to hiring, development and retention of talent; • Review or take such action in connection with the bonus, stock, retirement and other benefit plans of the Company and its subsidiaries; • Establish and review annual stock ownership guidelines applicable to directors and senior management; • Review and discuss with management the Compensation Discussion and Analysis and other executive compensation disclosure included in the Proxy Statement; • Assist the Board in oversight of the Company's policies and strategies relating to human capital management, including diversity, equity and inclusion; • Produce the annual Compensation and Human Capital Management Committee Report included in the Proxy Statement; and • Exercise sole authority to retain and terminate a compensation consultant, as well as to approve the consultant's fees and other terms of engagement. See "Oversight of Compensation Consultant" on page 21 regarding the Compensation and Human Capital Management Committee's engagement of a compensation consultant.
The Compensation and Human Capital Management Committee may form and delegate its authority to subcommittees and management, when appropriate, including delegation to the CEO to determine and approve annual incentive and long-term incentive awards for non-executive employees of the Company as prescribed by the Compensation and Human Capital Management Committee. For more information on the responsibilities and activities of the Compensation and Human Capital Management Committee, including its processes for determining executive compensation, see "Compensation Discussion and Analysis" beginning on page 38.	

COMMITTEE	RESPONSIBILITIES
NOMINATING AND GOVERNANCE COMMITTEE **Nina Richardson, Chair** **Cynthia Hostetler** **Andrew Teich** **Sharon Wienbar**	• Make recommendations to the Board concerning size, composition and organization of the Board, qualifications and criteria for election to the Board, nominees to be proposed by the Company for election to the Board, retirement from the Board, whether to accept any resignation tendered by a director and Board Committee assignments; • Actively seek individuals qualified to become Board members and recommend them to the full Board for consideration, including evaluating all potential candidates, including those suggested or nominated by third parties; • Consider director candidates holistically to ensure a diversity of perspectives, taking into consideration factors such as skills, experience, gender, ethnicity, race, nationality and age; • Make recommendations to the Board on the disclosures in the Proxy Statement on director independence, governance and director nomination matters; • Oversee the Company's new director orientation program and continuing education program for incumbent directors; • Review and reassess the adequacy of the Company's Corporate Governance Guidelines; • Oversee and report to the Board on the Company's compliance with its programs relating to the Code of Business Conduct; • Oversee and report to the Board on the Company's role as a responsible corporate citizen, including its ESG programs; and • Oversee the annual performance review of the Board and its Committees.
FINANCE COMMITTEE **Paul Deninger, Chair** **Roger Fradin** **Cynthia Hostetler** **Brian Kushner**	• Review matters related to the Company's capital structure and allocation, financial condition, leverage and financial strategies, interest rate risk, expense management, strategic investments and dispositions such as significant mergers, acquisitions, divestitures, joint ventures, real estate purchases and other debt and equity investments; • Consider, review and recommend to the Board any Company dividend and share repurchase policies and programs; • Approve the Company's derivatives and hedging policies and strategies for managing interest rate and foreign exchange rate exposure; • Review the Company's investment policies and practices, credit ratings and ratings strategy; • Review the Company's investor relations strategy; and • Review the types of information to be disclosed in connection with earnings releases and earnings guidance provided to analysts and rating agencies.
INNOVATION AND TECHNOLOGY COMMITTEE **Andrew Teich, Chair** **Paul Deninger** **Roger Fradin** **Brian Kushner** **Jack Lazar** **Kareem Yusuf**	• Facilitate the Board's oversight, review, discussion and understanding of the Company's major technology and innovation strategies and plans in the following key areas: – investments in technology and software; – development and execution of technology strategies; – overall strategy, effectiveness and risk profile of its product technology and software cybersecurity programs; – technology trends with significant impacts on the Company's business; and – research and development operations.

Compensation and Human Capital Management Committee Matters

Compensation and Human Capital Management Committee Interlocks and Insider Participation

No current member of the Compensation and Human Capital Management Committee has served as one of our officers or employees at any time. None of our executive officers serves as a member of the compensation committee of any other company that has an executive officer serving as a member of our Compensation and Human Capital Management Committee or Board.

Oversight of Compensation Consultant

The Compensation and Human Capital Management Committee has sole authority to retain a compensation consultant to assist the Compensation and Human Capital Management Committee in the evaluation of director, CEO or senior management compensation, but only after considering all factors relevant to the consultant's independence from management. In addition, the Compensation and Human Capital Management Committee is directly responsible for approving the consultant's compensation, evaluating its performance and terminating its engagement.

The Compensation and Human Capital Management Committee has retained Frederic W. Cook & Co. ("FW Cook") as its independent compensation consultant to assist the Compensation and Human Capital Management Committee with the design of our executive compensation programs as well as to provide objective advice on compensation practices and the competitive landscape for the compensation of Resideo's executive officers. FW Cook reports to the Compensation and Human Capital Management Committee, has direct access to Compensation and Human Capital Management Committee members, interacts with Resideo management when necessary and appropriate and attends Compensation and Human Capital Management Committee meetings either in person or by telephone. FW Cook provides services only to the Compensation and Human Capital Management Committee as an independent consultant and does not have any other consulting engagements with, or provide any other services to, Resideo, other than assisting Resideo's human resources department by providing and reviewing market data. The independence of FW Cook has been assessed according to factors stipulated by the SEC and the Compensation and Human Capital Management Committee concluded that no conflict of interest exists that would prevent FW Cook from independently advising the Compensation and Human Capital Management Committee.

FW Cook compiles information and provides advice regarding the components and mix (short-term/long-term; fixed/variable; cash/equity) of the executive compensation programs of Resideo and its peer group (see page 40 for further details regarding the compensation peer group) and analyzes the relative performance of Resideo and the compensation peer group with respect to the financial metrics generally used in the programs. FW Cook also provides information regarding emerging trends and best practices in executive compensation.

Compensation Input from Senior Management

The Compensation and Human Capital Management Committee considers input from senior management in making determinations regarding the overall executive compensation program and the individual compensation of the executive officers. As part of Resideo's annual planning process, the CEO, CFO, and Chief Human Resources Officer develop targets for Resideo's incentive compensation programs and present them to the Compensation and Human Capital Management Committee. These targets are reviewed by the Compensation and Human Capital Management Committee to ensure alignment with our strategic and annual operating plans, taking into account the targeted year-over-year and multi-year improvements as well as identified opportunities and risks. The CEO does not provide recommendations on his own compensation. Unless otherwise set by negotiated offer terms, the CEO recommends base salary adjustments and cash and equity incentive award levels for Resideo's other executive officers. The recommendations of the CEO are based on performance appraisals together with a review of supplemental performance measures and prior compensation levels relative to performance. The CEO presents to the Compensation and Human Capital Management Committee and the full Board his evaluation of each executive officer's contribution and performance over the past year, strengths and development needs and actions and presents to the full Board succession plans for each of the executive officers.

The Board's Role in Risk Oversight

The Board is actively engaged in overseeing and reviewing the Company's strategic direction and objectives, taking into account (among other considerations) Resideo's risk profile and exposures. It is management's responsibility to manage risk as overseen and assessed by the Board. The Board receives regular updates on risk exposures and there is open communication between management and the directors. The Company has established processes to report and monitor for material risks applicable to the Company. The Board oversees these reporting processes and will review annually Resideo's enterprise risk management programs.

The Board as a whole has responsibility for risk oversight, including succession planning relating to the CEO and risks relating to the competitive landscape, cybersecurity, strategy, business conditions and capital requirements of the Company. The Committees of the Board also oversee Resideo's risk profile and exposures relating to matters within the scope of their authority. The Board regularly receives detailed reports from the Committees regarding risk oversight in their areas of responsibility.

The Audit Committee discusses the Company's risk profile, risk management, and exposure (and Resideo's policies relating to the same) with management, the internal auditors and the independent auditors. Such discussions include the Company's major financial risk exposures and the steps management has taken to monitor and control these exposures. The Audit Committee is also charged with oversight of Resideo's Integrity &

Compliance program and risks relating to enterprise-wide cybersecurity, including review of the state of the Company's cybersecurity program, emerging cybersecurity developments and threats and the Company's strategy to mitigate cybersecurity risks.

The Compensation and Human Capital Management Committee considers risks related to the attraction and retention of talent and the design of compensation programs and incentive arrangements. The Compensation and Human Capital Management Committee periodically undertakes a review of Resideo's incentive structure to avoid encouraging material risk taking through financial incentives.

The Nominating and Governance Committee considers risks related to the Company's reputation, environmental and sustainability matters, health and safety issues, equal employment opportunity, anti-harassment matters and community/government relations. The Nominating and Governance Committee also oversees succession planning for the Board and the appropriate assignment of directors to the Board Committees for risk oversight and other areas of responsibilities.

The Finance Committee considers risks related to the Company's capital structure, capital allocation decisions, financial condition, leverage and financial strategies, interest rate risk, expense management and strategic investments and dispositions.

The Innovation and Technology Committee considers risks related to the Company's overall technology and innovation strategies and its product technology and software cybersecurity program.

Enterprise Risk Management Program

As a part of its overall risk management strategy, the Company has implemented an Enterprise Risk Management ("ERM") program to identify and monitor key risks. The ERM program is designed to identify, assess, and monitor management of key risks that are aligned with the Company's strategic and business objectives. The ERM program is overseen and governed by the Audit Committee and managed by members of senior management. Working with the ERM program management team, the Board and the Audit Committee regularly assess the overall risks applicable to the Company, its businesses and functions as well as management action plans to mitigate or minimize the risks identified, providing the Audit Committee and the full Board with visibility into the risks that impact us and the plans to mitigate them.

Nominating Board Candidates – Procedures and Qualifications

Minimum Qualifications for Director Nominees and Board Member Attributes

Board Composition, Characteristics and Skills

Collectively, the Board must be capable of effectively overseeing risk management, capital allocation and leadership succession. In addition, the composition of the Board, as well as the perspective and skills of its individual members, needs to align with the Company's growth and commercial strategy. Board composition and the members' perspectives and skills should evolve at an appropriate pace to meet the challenges of the Company's changing commercial and strategic goals. The identification and evaluation of director candidates is an essential part of this process.

The Nominating and Governance Committee has primary responsibility for reviewing with the Board, on an annual basis, the requisite skills and characteristics of Board members, as well as the composition of the Board as a whole. This assessment includes a consideration of director independence, procedures for shareholder suggestion or nomination of candidates for the Board and any requirements of applicable law or listing rules.

The Nominating and Governance Committee considers diversity in the context of the Board as a whole and takes into account the skills, experience, gender, ethnicity, race, nationality and age of current and prospective directors to facilitate Board deliberations that reflect a broad range of perspectives. The Board believes that increased heterogeneity leads to better governance. The Nominating and Governance Committee is dedicated to actively seeking to recruit director candidates with diverse characteristics, experiences and attributes who satisfy the Board's nomination criteria and will contribute to the collaborative culture of the Board.

Identifying and Recruiting New Members of the Board

In the recruiting of potential new members for the Board, the Nominating and Governance Committee, through discussions with the Chairman, Lead Independent Director, CEO and other Board members, identifies specific skill sets, experience and knowledge important for new Board members and prioritizes the same in accordance with the procedures set forth in the Nominating and Governance Committee Charter, the Company's Corporate Governance Guidelines, organizational documents and applicable law. Potential candidates meeting these criteria are then identified either by professional recruiting agencies, reputation or existing Board members. Candidates are interviewed by the Chairman, CEO, Chair of the Nominating and Governance Committee, and other members of the Board, as appropriate, to ensure that candidates not only possess the requisite skills and characteristics but also the personality, leadership traits, work ethic and independence to effectively contribute as a member of the Board. The Nominating and Governance Committee also considers diversity of perspective including experience, skills, gender, ethnicity, race, nationality and age. On successful completion of this process, the Nominating and Governance Committee recommends the proposed candidate to the Board and the Board may nominate the successful candidate for election to the Board at the annual meeting of shareholders or such other time as the Board determines appropriate.

The Nominating and Governance Committee has the sole authority to retain and terminate any search firm to be used to identify director candidates and has sole authority to approve the search firm's fees and other retention terms. Search firms retained by the Nominating and Governance Committee are provided guidance as to the particular experience, skills or other characteristics that the Board is then seeking. The Nominating and Governance Committee has retained third-party search firms to identify potential director candidates and directed the firms to ensure that the pool of candidates included diverse candidates. The Nominating and Governance Committee may also retain other external advisors, including for the purposes of performing background reviews of potential candidates.

Resideo's current Board members were either identified through a nationally recognized search firm or were recommended by an existing member of the Board.

General Criteria

In addition to the specific criteria and priorities developed collectively, director candidates are considered by the Nominating and Governance Committee in light of a range of more general criteria:

- Exemplification of the highest standards of personal and professional integrity
- Experience and industry background that align with the Company's strategic and business objectives
- Potential contribution to the composition, diversity and culture of the Board
- Age, educational background and relative skills and characteristics
- Ability and willingness to constructively challenge management through active participation in Board and Committee meetings and to otherwise devote sufficient time to Board duties

Shareholder Recommendations for Director Nominees

Any shareholder wishing to recommend a candidate for director should submit the recommendation in writing to Resideo Technologies, Inc., Nominating and Governance Committee, 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Corporate Secretary. The written submission should comply with all requirements set forth in the Company's Certificate of Incorporation and By-Laws. The Nominating and Governance Committee will consider all candidates recommended by shareholders who comply with the foregoing procedures and satisfy the minimum qualifications for director nominees and Board member attributes.

Advance Notice Director Nominations

Resideo's By-Laws provide that any shareholder entitled to vote at an annual meeting of shareholders may nominate one or more director candidates for election at that annual meeting by following certain prescribed procedures. To be timely, the shareholder must provide written notice of the shareholder's intent to make such a nomination or nominations to Resideo's Corporate Secretary not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting, except as otherwise provided in our By-Laws. The notice must contain all of the information required in our By-Laws. Any such notice must be sent to Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Corporate Secretary. For the 2023 annual meeting of shareholders, such notice must be delivered to the Corporate Secretary no earlier than February 8, 2023 and no later than March 10, 2023.

Proxy Access Director Nominations

In addition to advance notice procedures, our By-Laws also include provisions permitting, subject to certain terms and conditions set forth therein, shareholders who have maintained continuous qualifying ownership of at least 3% of our outstanding common stock for at least three years to nominate a number of director candidates not to exceed the greater of two candidates or 20% of the number of directors then in office who will be included in our annual meeting proxy statement. Shareholders who wish to nominate a proxy access candidate must follow the procedures described in our By-Laws. Proxy access candidates and the shareholder nominators meeting the qualifications and requirements set forth in our By-Laws will be included in the Company's proxy statement and ballot. To be timely, a shareholder's proxy access notice must be delivered to our principal executive offices, Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Corporate Secretary, no less than 120 days and no more than 150 days prior to the first anniversary date that we commenced mailing of our definitive proxy statement (as stated in such proxy statement) for the immediately preceding annual meeting, except as otherwise provided in the By-Laws. For the 2023 annual meeting, such notice must be delivered to our principal executive offices no earlier than November 27, 2022 and no later than December 27, 2022.

Director Onboarding and Continuing Education

Under our Corporate Governance Guidelines, all new directors participate in an orientation program upon joining the Board. Orientation includes presentations by senior management to familiarize our new directors with Resideo's strategic plans, financial statements and key issues, policies and practices and materials pertaining to the Board, its Committees, corporate governance policies and practices and the Company's businesses, functions, initiatives and processes. Board members may attend, at the Company's expense, seminars, conferences and other continuing education programs designed for directors of public companies.

Board Meetings and Attendance

The Board met seven times in 2021. Each director attended at least 75% of the meetings of the Board and Committees on which the director served. Though we have no specific policy regarding director attendance at annual meetings of shareholders, our directors are expected to attend. All of the then-serving directors attended our 2021 annual meeting of shareholders.

Board and Committee Evaluations

As part of the Board's commitment to good governance, the Board conducts an annual process to assess the effectiveness of the full Board and the operations of its Committees. The Nominating and Governance Committee will oversee the evaluation of the Board as a whole and its Committees and solicit feedback from directors as to whether the Board is continuing to evolve and to be refreshed in a manner that serves our business and strategic needs. After distribution of the self-evaluation materials to directors, the Nominating and Governance Committee will receive comments from all directors and report to the Board, identifying areas for improvement in the performance of the Board and its Committees. The Nominating and Governance Committee retained an external third party to facilitate the evaluation process in 2020 and 2021.

The Nominating and Governance Committee will annually review the scope and content of the self-evaluation to ensure it is contemporary, appropriate for the needs of the Company and that actionable feedback is solicited on the operation and effectiveness of the Board and its Committees.

Before recommending the re-nomination of a slate of incumbent directors for an additional term, the Nominating and Governance Committee will evaluate whether incumbent directors possess the requisite skills and perspective, both individually and collectively, to continue to serve our business and strategic needs. This assessment will include members' qualification as independent, strength of character, judgment and ability to devote sufficient time to attendance at, and preparation for, Board meetings.

Non-Employee Director Compensation

Director Compensation

Our Compensation and Human Capital Management Committee, with assistance from its independent compensation consultant, periodically reviews and makes recommendations to our Board regarding the form and amount of compensation for non-employee directors. Directors who are also our employees receive no compensation for service on our Board.

We believe that annual compensation for non-employee directors should consist of both a cash component, designed to compensate members for their service on the Board and its Committees, and an equity component, designed to align the interests of directors and shareholders.

In March 2021, the Compensation and Human Capital Management Committee reviewed market data on director compensation among the Company's peer group, recognizing that the Company's annual director compensation levels have remained flat since 2018. Based on its review and conclusion that total director compensation was below the peer median, the committee recommended, and the Board approved, three changes to director compensation:

- An increase to the annual equity compensation from $120,000 to $130,000 effective with the awards to be made in connection with the 2021 Annual Meeting of Shareholders;
- An increase in the annual cash retainer for the Chair of the Nominating and Governance Committee from $10,000 to $15,000 effective April 1, 2021; and
- An increase in the annual cash retainer for the Chair of the Compensation & Human Capital Management Committee from $15,000 to $20,000 effective April 1, 2021.

The table below outlines the current annual compensation program for our non-employee directors.

Board of Directors Annual Cash Compensation	Annual Retainer ($)	
Member of the Board of Directors	90,000	
Chairman of Board—Additional Cash Retainer	175,000	
Lead Director—Additional Cash Retainer	25,000	
Board Committee Membership—Additional Cash Retainers:	**Chair***	**Member**
Audit Committee	25,000	10,000
Compensation and Human Capital Management Committee	20,000	7,500
Nominating and Governance Committee	15,000	5,000
Finance Committee	10,000	5,000
Innovation and Technology Committee	10,000	5,000

* Committee Chair retainers include the member retainer fees.

Board of Directors Annual Equity Compensation	Annual Retainer ($)
Annual Restricted Stock Units ("RSUs")	130,000

Cash elements are paid in quarterly installments in arrears and pro-rated if necessary, including for changes in Committee service or for partial years of service. The RSUs are granted on the date of each Annual Meeting of Shareholders and generally vest on the earliest of the first anniversary of the date of grant, the director's death or disability, or removal from the Board coincident with the occurrence of a change in control. Directors who join the Board between Annual Meetings generally receive a pro-rated RSU grant. We do not separately compensate our directors for attending Board or Committee meetings.

Director Deferred Compensation Plan

In September 2019, the Compensation and Human Capital Management Committee approved the adoption of the Resideo Deferred Compensation Plan for Non-Employee Directors (the "Director Deferred Compensation Plan"). This plan encourages our directors to hold a portion of their compensation in the form of equity or deferred cash, which can only be monetized at the end of their tenure on the Board or in other limited circumstances. At the same time, the Compensation and Human Capital Management Committee also permitted non-employee directors to defer their annual equity award in accordance with the terms of our 2018 Stock Plan for Non-Employee Directors of Resideo Technologies, Inc. (the "Director Stock Plan").

Prior to the first day of each calendar year beginning on or after January 1, 2020, each non-employee director may (i) elect to convert all of his or her annual cash retainer fees as well as any annual committee and chair fees other than reimbursements otherwise payable to him or her by the Company into deferred stock units or deferred cash pursuant to the Director Deferred Compensation Plan, and (ii) elect to defer payment of his or her annual equity grant of restricted stock units once the award has vested in accordance with its terms and conditions. Each deferred stock unit under the Director Deferred Compensation Plan and each vested restricted stock unit that a non-employee director has elected to defer under the terms of the Director Stock Plan represents the right to receive one share of our common stock generally on the first day of the seventh calendar month following the date the non-employee director incurs a separation of service from us.

Other Benefits: Non-employee directors are also provided with $350,000 in business travel accident insurance.

Director Compensation for 2021

In 2021, each non-employee director received his or her annual cash retainer amount in addition to the annual equity retainer award of RSUs with a grant date fair value of approximately $130,000. Annual equity retainers generally vest with respect to 100% of the RSUs awarded on the first anniversary of the grant date, subject to continued service on the Board. Each of our non-employee directors has the ability to elect to defer all of his or her annual cash retainer as well as his or her annual equity retainer award pursuant to the terms of our Director Deferred Compensation Plan and Director Stock Plan, respectively, as discussed above. The table below reflects the 2021 compensation paid to our non-employee directors.

Director Name	Fees Earned or Paid in Cash (1)($)	Stock Awards (2)($)	Total ($)
Roger Fradin	341,250	129,996	471,246
Paul Deninger	137,500	129,996	267,496
Cynthia Hostetler	102,951	129,996	232,947
Brian Kushner	134,221	129,996	264,217
Jack Lazar	144,221	129,996	274,217
Nina Richardson	134,221	129,996	264,217
Andrew Teich(3)	256,322	129,996	248,838
Sharon Wienbar	135,000	129,996	264,996
Kareem Yusuf(4)	54,272	157,926	212,198

(1) In January 2021, the members of the Resideo Board of Directors received a payment that was approximately equal to the amount of first quarter 2020 annual retainer fees that they had elected to forego in April 2020, in support of the Company's cost cutting initiatives in response to the COVID-19 pandemic. The Company elected to make this payment following an assessment of the 2020 fiscal year business results.

(2) The stock award values set forth in the above 2021 Director Compensation Table represent the aggregate grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. Annual equity retainer awards in the form of RSUs totaling 4,070 shares were made to non-employee directors on June 9, 2021 with a fair value of $31.94 per share.

(3) Included in the Fees Earned or Paid in Cash for Mr. Teich are $137,480 in cash retainers which Mr. Teich elected to defer as deferred share units (DSU). These DSUs are fully vested when granted but will not be distributed to Mr. Teich until he leaves the Resideo Board in accordance with the provisions of the Director Deferred Compensation Plan.

(4) Mr. Yusuf also received an RSU award for 940 shares with a fair value of $29.713 per share upon joining the Resideo Board on March 15, 2021. This award vested in full on June 8,2021.

A more detailed discussion of the assumptions used in the valuation of stock awards made in fiscal year 2021 may be found in Note 5 of the Notes to the Financial Statements in the Company's Form 10-K for the year ended December 31, 2021.

Director Name	Outstanding Equity Awards as of 12/31/2021 (#)
Roger Fradin	9,649
Paul Deninger	9,649
Cynthia Hostetler	16,242
Brian Kushner	4,070
Jack Lazar	21,821
Nina Richardson	21,821
Andrew Teich	13,335
Sharon Wienbar	9,649
Kareem Yusuf	4,070

Stock Ownership Guideline for Non-Employee Directors

To further align the interests of directors with the long-term interests of our shareholders, non-employee directors are required to own, until their separation from service from the Board, at least five times the value of their annual cash retainer, or $450,000, in our common stock by the fifth anniversary of their appointment to the Board. For purposes of the guidelines, share ownership includes shares of Resideo common stock, restricted stock units and deferred stock units. Accordingly, the guidelines align our directors' economic interests in the performance of the Company with those of our shareholders.

As of December 31, 2021, all directors, except Mr. Yusuf who joined the Board in 2021, have met the minimum stock ownership required under our stock ownership guidelines.

Other Executive Officers

In addition to Mr. Geldmacher, whose biographical information is included above, the following is a list of individuals serving as executive officers of Resideo as of the date of this Proxy Statement. All of Resideo's executive officers have been appointed by the Board and serve at the discretion of the Board and CEO. There are no family relationships among any of our executive officers.

NAME, AGE, YEAR FIRST APPOINTED AN EXECUTIVE OFFICER	POSITION	BUSINESS EXPERIENCE
Robert Aarnes, 52, 2018	President, ADI Global Distribution	Prior to joining the Company, Mr. Aarnes served as president of Honeywell's ADI Global Distribution business since January 2017. Mr. Aarnes served as vice president and general manager of Honeywell's ADI North America business from November 2014 to January 2017. Mr. Aarnes served as vice president of operations of Honeywell's ADI North America business from January 2013 to November 2014. Prior to joining Honeywell, Mr. Aarnes served as president and chief executive officer of GUNNAR Optiks, LLC, a company that specializes in developing and manufacturing digital eyewear, from September 2008 to November 2012. Mr. Aarnes received his bachelor's degree in political science from the United States Naval Academy and his MBA in management from San Diego State University.

NAME, AGE, YEAR FIRST APPOINTED AN EXECUTIVE OFFICER	POSITION	BUSINESS EXPERIENCE
Dana Huth, 60, 2021	Executive Vice President, Chief Revenue Officer	Prior to joining the Company, Mr. Huth served as executive vice president and chief revenue officer of Advanced Energy, a multinational technology company from 2019 to 2021. Prior to that, Mr. Huth served as president of Artesyn Embedded Power, a power supply company, during 2019 until it was acquired by Advanced Energy later that year. Before leading Embedded Power, Mr. Huth served as president of consumer business and global sales at Artesyn Embedded Technologies from 2014 to 2019, and as president of global sales, key accounts and distribution at Emerson Embedded Power from 2008 to 2014. At Motorola, Mr. Huth held senior management positions from 2004 to 2008, including vice President of worldwide sales and market development, vice president of global accounts, and vice president of sales for the Asia Pacific region and Japan. Mr. Huth also spent more than 19 years with Avnet, Inc., one of the world's largest value-added distributors and systems integrators of electronic components, computer products, and embedded technology.
Stephen Kelly, 54, 2018	Executive Vice President and Chief Human Resources Officer	Prior to joining the Company, Mr. Kelly served as vice president of Human Resources and Communications for Honeywell's aerospace business from 2014 to 2018. Mr. Kelly was the vice president of Corporate Human Resources, Organizational Development & Learning at Honeywell from 2013 to 2014. Mr. Kelly joined Honeywell in 2008 and has served in various human resources leadership positions for Honeywell's aerospace business. He was vice president of Human Resources for Honeywell's aerospace business's commercial segment in 2013. Previously, Mr. Kelly was vice president of Human Resources for Honeywell's Aerospace Defense & Space unit from 2011 to 2013. He was vice president of Human Resources for Honeywell's aerospace Engineering & Marketing unit from 2008 to 2011. Prior to joining Honeywell, Mr. Kelly was vice president of Human Resources for the Dental business at Danaher Corporation, a global science and technology innovator, from 2007 to 2008. Mr. Kelly was Vice President of the EMEA region and global head of staffing and talent management of the Industrial Technologies business at Danaher from 2005 to 2007. Prior to joining Danaher, Mr. Kelly was the head of Human Resources for BHA Group, Inc., a leading global supplier of replacement parts and services for industrial air pollution control systems. Mr. Kelly received his bachelor's degree in personnel administration from the University of Kansas and a master's degree in organizational development from Ottawa University.
Jeannine Lane, 61, 2018	Executive Vice President, General Counsel and Corporate Secretary	Prior to joining the Company, Ms. Lane was the Vice President and General Counsel of Honeywell Homes since January 2018. She was the Vice President and General Counsel of Honeywell Security and Fire from 2015 to 2017, Honeywell Fire Business and Honeywell Safety Business from 2014 to 2015, Honeywell Life Safety Business from 2013 to 2014 and Honeywell Security from 2004 to 2013. Prior to Honeywell, Ms. Lane served as the Vice President and General Counsel of Prestone Products Corporation, an automotive consumer car care company. Ms. Lane holds a bachelor's degree in political science from SUNY University at Albany and a Doctorate of Law from Albany Law School.

NAME, AGE, YEAR FIRST APPOINTED AN EXECUTIVE OFFICER	POSITION	BUSINESS EXPERIENCE
Travis Merrill, 46, 2020	Executive Vice President, Chief Strategy & Commercial Officer	Prior to joining the Company, Mr. Merrill served as president of the Commercial Business Unit and chief marketing officer at FLIR Systems, Inc., an industrial technology company focused on intelligent sensing solutions, from 2014 until 2020. He was employed by Samsung Electronics from 2006 until 2014 where he most recently served as vice president of Samsung's U.S. tablet business. Mr. Merrill began his career in the telecommunications industry with posts at CenturyLink and Covad Communications. Mr. Merrill received his bachelor's degree in English at Wabash College, master's of science degree in telecommunications from the University of Colorado and an MBA from the Harvard Business School.
Phillip Theodore, 54, 2020	President, Products & Solutions	Mr. Theodore is the founder and managing director of Ironhawk Advisory Group, a boutique investment advisory service firm, and has served in these positions since May 2008, and continues to serve as managing director. Prior to joining the Company, Mr. Theodore served as interim chief executive officer of the Consumer Division of Artesyn Embedded Technologies, a power supply company, from 2019 to 2020. From 2017 to 2019, Mr. Theodore was chief financial officer and acting chief operating officer of Artesyn's Asia Pacific operations. From 2015 to 2017, Mr. Theodore was general manager of the healthcare services division of Transworld Systems, Inc., a provider of ARM financial services to the government, education, healthcare and commercial business segments. Prior to joining Transworld Systems, Mr. Theodore held various executive financial and operational leadership roles at global manufacturing and distribution companies. Mr. Theodore received his bachelor's degree in accounting from Saint John Fisher College and an MBA from Owen Graduate School of Management at Vanderbilt University.
Anthony L. Trunzo, 59, 2020	Executive Vice President, Chief Financial Officer	Mr. Trunzo most recently served as managing director at Gryphon Investors, a private equity firm, since October 2019, and he was an independent consultant advising private equity firms from January 2017 to October 2019. From April 2015 to November 2016, Mr. Trunzo was executive vice president and CFO of FEI Company, a microscope technology company, before it was acquired by ThermoFisher Scientific in September 2016. Prior to that, he served in leadership roles at FLIR Systems, Inc., an industrial technology company focused on intelligent sensing solutions, including as senior vice president and CFO from 2010 to 2015, and as senior vice president, Corporate Strategy and Development from 2003 to 2010. Earlier in his career, Mr. Trunzo worked in various capacities at Bank of America Securities and PNC Bank. Mr. Trunzo received his bachelor's degree in economics from the Catholic University of America and an MBA from the University of Pittsburgh. Mr. Trunzo has also completed Harvard Business School's Advanced Management Program.

Investing in Our Purpose

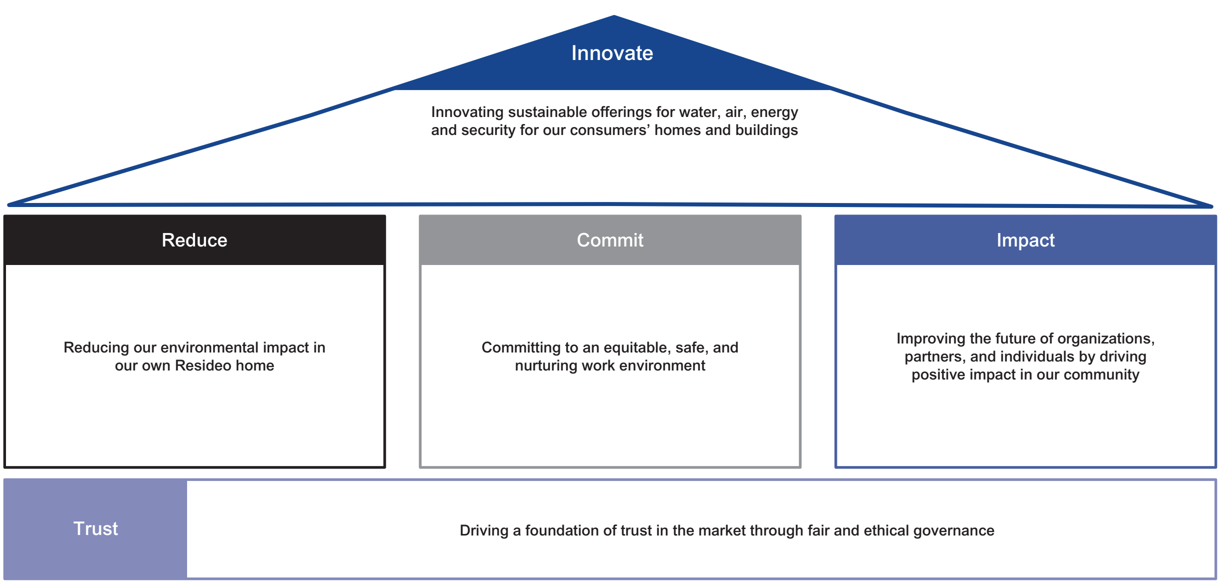
Our Board of Directors and the Company's committees play a key role in oversight of the Company's Environmental, Social and Governance (ESG) efforts. Our Nominating and Governance Committee oversees and reports to the Board on the Company's role as a responsible corporate citizen, including its ESG programs. Our Compensation and Human Capital Management Committee oversees the Company's plans, policies and programs relating to hiring, development and retention of talent, and assists the Board in oversight of the Company's policies relating to human capital management, including diversity, equity and inclusion (DEI). Our external and internal viewpoints are aligned: we hold ourselves accountable to our people, our communities, the planet, and our brand.

We entered 2021 with strong foundational ESG capabilities and concluded the year with significant accomplishments and a new strategic direction for our ESG program. We engaged a third party to evaluate current state ESG efforts and conduct gap and materiality assessments. The process included interviews with key internal and external stakeholders and benchmarking our efforts against peers. Direct findings from our materiality assessment have focused our initial efforts around climate change risk, data governance and human capital management/DEI. In an effort to leverage this work and resource this effort, we scoped and filled two essential ESG roles—Vice President of ESG company-wide and Manager of Global Sustainability for our Products & Solutions business. Going forward, we anticipate that many of our Key Performance Indicators will embed our ESG targets and objectives.

A more focused and directed ESG structure reflective of our maturing internal viewpoint.

A key result of our external ESG review is our newly established ESG structure, which outlines those ESG areas that are material to Resideo and will drive our global operating goals in 2022 and beyond. The elements of this new policy include Innovate, Reduce, Commit, Impact, and Trust.

From a strategy perspective, we will integrate ESG efforts across our product offerings and commercial markets, our development, retention and recruitment of our workforce, and the policies and programs that secure our brand and support our employees and customers. We will continue with our efforts towards alignment with critical frameworks including the Sustainability Accounting Standards Board ("SASB"), and to also meet market expectations around our impact.



Innovate

Our Innovate capstone is focused on driving sustainable offerings for water, air, energy, and security for our consumers' homes and buildings. Our key focus areas include design for sustainability (product benefits), packaging, product safety, and quality. Internally, we are identifying what makes our products and solutions sustainable and how we can leverage these insights to create new offerings. We are working to instill sustainability in the mindset of each function, from the procurement of raw materials to the certifications and standards of products and solutions that the marketplace now demands and our customers expect.

Our future state further contemplates end-of-life product management. We received the first EcoLogo certification for a connected thermostat in the market. This thermostat has 33% post-consumer recycled content and 93% of its packaging from wood-fiber is derived from sustainably managed forest and/or recycled content. Key processes are evolving as well, including new product development, where we are meaningfully embracing ESG in the design of our products.

Reduce

A key pillar of the ESG structure is set to reduce our environmental impact in our own Resideo home. Strategic focus areas include climate change risk, energy and GHG emissions in the supply chain, waste management, and water management. Our global operating footprint targets a 20% reduction in energy usage, hazardous waste, water consumption, and GHG Scope 1 and Scope 2 emissions by 2025 over our 2019 baseline, and has a goal of improving our waste diversion rates over the same horizon.

Measurement	Units	2021	Savings versus 2019 baseline
Energy Consumption	BBTU	583.35	17.4%
Equivalent Greenhouse Gas Emissions	MT CO2e	61,077.99	20.2%
Water Consumption	M3	515,496.41	39.3%
Hazardous Waste Generation	Million Kg	0.78	3.9%

Normalized by revenue

Key accomplishments include:

- First ISO-50001 facility certification in our factory at Nagykanizsa, Hungary;
- Nagykanizsa, Hungary plant received the Energy Efficiency Company award from the Hungarian Government for its energy savings via use of solar panels;
- Successful ISO 140001 recertification of our Tianjin, China, Newhouse, Scotland and Lotte, Germany manufacturing facilities;
- Waste diversion rate has increased by 2.44% over our 2019 baseline across our operations footprint; and
- Newly built Dallas, Texas distribution center specified LED lighting and industry leading insulation for both energy savings and employee comfort.

Commit

We are committed to an equitable, safe and nurturing work environment. Strategic focus areas include diversity, equity and inclusion, employee health and safety, and talent development. Key initiatives include:

- In 2022, we filled our newly created role of Vice President of Diversity, Equity and Inclusion, demonstrating our commitment in this area.
- Expanding our six Employee Resource Groups ("ERGs") to over 800 engaged employees. These ERGs include Women@Resideo, Black@Resideo, Pride@Resideo, Latinos@Resideo, Veterans@Resideo and disAbilities@Resideo.
- Expanding our outreach efforts to identify diverse candidates, including launch of our partnerships with Society of Women in Engineering and National Society of Black Engineers.

- Launching our whole person wellness programs to highlight all the ways we value and invest in our employees.
- Introducing a new mentorship platform, allowing employees the opportunity to seek out a Resideo internal mentor who has expertise in the skills or goal areas they are seeking to develop. The program has been well received with over 350 participants.
- Empowering employees to own their careers through an interactive Career Navigator program that takes them on a journey of self-discovery, thoughtful planning, and action-oriented growth.

Additional information regarding our employee programs, including health and safety data, can be found in the Human Capital section of the Company's Form 10-K.

Impact

We improve the future of organizations, partners, and individuals by driving positive impact in our community.

- Continued partnership with Habitat for Humanity International including a $500,000 donation of cash, product and a cause marketing campaign.
- Partnered with Band of Builders, a small UK-based non-profit that supports the physical and mental well-being of the trade installers.
- Served as a sponsor of Building Talent Foundation ("BTF") and in 2021 jointly chaired with BTF an HVAC Industry Education Council made up of HVAC employers, technical colleges and other manufacturers to identify the skills needed to secure a job and progress in the field and map educational and credential requirements needed for students to be successful.
- Established a partnership with Minneapolis Community & Technical College ("MC&T") to help empower the next generation of professional contractors. Resideo's training team is also assisting MC&T faculty with curriculum development.
- Donated $100,000 to Direct Relief, a nonprofit humanitarian organization on the front lines of the COVID-19 response.
- Continued our support for Mission 500, a non-profit organization that engages security professionals to assist families in crisis across the U.S.

Trust

One of the Company's key ESG elements is to drive a foundation of trust in the market through fair and ethical behavior. Our Code of Business Conduct and related policies, which apply to our directors, officers and employees, set the standards to ensure we operate ethically and in compliance with all laws. Our Supplier Code of Conduct imposes similar requirements on our vendors, including with respect to conflict minerals laws. Our privacy by design framework, together with our data governance council, helps us manage and use customer data in a responsible and transparent manner. Going forward, our strategic focus will include expansion of our supplier due diligence efforts.

ESG reporting

We expect to publish our inaugural corporate ESG report by the end of 2022. This report will broadly serve to support our new ESG structure with more detail around our platforms designed to address known concerns as they relate to climate change and to help ensure the success and well- being of our stakeholders. We intend to align these platforms around key frameworks to provide for a meaningful consideration of our work in these critical arenas.

Related Party Transactions

Certain Transactions with Related Parties

Our ADI Global Distribution business (“ADI”) previously leased its administrative office building in Melville, New York at a rent of approximately $1,100,000 per year and reimbursement of certain real estate taxes and insurance premiums paid on the property. ADI vacated the property in December 2021 and exercised its right to terminate the lease effective February 2022 for a termination fee of $150,000. After ADI entered into this lease, the property was acquired by a partnership known as “New Island Holdings.” Other than the recent exercise of the right to terminate early, there have been no material amendments to the lease since the property was acquired by New Island Holdings. Mr. Fradin, the Chairman of our Board, is a limited partner in New Island Holdings, holding a 12% ownership interest. The value of the aggregate payments allocable to Mr. Fradin’s share of New Island Holdings from January 1, 2017 through the expiration of the lease in February 2022 is approximately $720,000. The limited partners of New Island Holdings receive distributions based on total lease payments generated from the portfolio of buildings that the partnership owns, less applicable mortgage and other expenses.

Review, Approval and Ratification of Transactions with Related Parties

The Company has a written Policy Concerning Related Party Transactions (the “Policy”) regarding the review and approval or ratification of transactions between the Company and related parties. The Policy applies to any transaction in which Resideo or its subsidiary is a participant, the amount involved exceeds $120,000 and a related party has a direct or indirect material interest. A related party means any director or executive officer of the Company, any nominee for director, any shareholder known to the Company to be the beneficial owner of more than 5% of any class of the Company’s voting securities and any immediate family member of any such persons.

Under the Policy, reviews are conducted by management to determine which transactions or relationships should be referred to the Audit Committee for consideration. The Audit Committee then reviews the material facts and circumstances regarding a transaction and determines whether or not the transaction is fair and reasonable and consistent with the Policy. Under the Policy, any related party transaction must be submitted for prior approval where reasonably possible or, if not approved in advance, submitted for ratification. The Policy is in addition to the provisions addressing conflicts of interest in our Code of Business Conduct and any similar policies regarding conflicts of interest adopted by the Board. Our directors, executive officers and all other employees are expected to comply with the terms of the Code of Business Conduct.

Beneficial Ownership

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file initial reports of ownership and reports of changes in ownership of the Company's common stock and other equity securities with the SEC within specified periods. Due to the complexity of the reporting rules, the Company undertakes to file such reports on behalf of its directors and executive officers and has instituted procedures to assist them with these obligations. Based solely on a review of filings with the SEC and written representations from the Company's directors and executive officers, the Company believes that in 2021 all of its directors and executive officers filed the required reports on a timely basis with respect to Resideo's equity securities under Section 16(a), except that Form 4s for Mr. Teich were inadvertently filed late (i) on April 9, 2021 in connection to an acquisition of shares that occurred on April 1, 2021 and (ii) on June 11, 2021 in connection to a conversion of Restricted Stock Units into shares that occurred on June 8, 2021, and a Form 4 for Ms. Wienbar was inadvertently filed late on June 11, 2021 in connection with a conversion of Restricted Stock Units into shares that occurred on June 8, 2021.

Stock Ownership of Certain Beneficial Owners

The following shareholders reported to the SEC that they beneficially owned more than 5% of Resideo common stock as of December 31, 2021.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership (#)	Percent of Class (1)
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	Common Stock	23,795,265(2)	16.5%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	Common Stock	15,351,111(3)	10.63%
Boston Partners One Beacon Street, 30th Fl. Boston, MA 02108	Common Stock	7,229,559(4)	5.01%

(1) Percentage ownership based on the Schedule 13G/A filings of BlackRock, Inc., The Vanguard Group and Boston Partners as further described below.

(2) According to Schedule 13G filed with the SEC on January 27, 2022, BlackRock, Inc. is the beneficial owner of 23,795,265 shares (with sole voting power with respect to 23,331,690 shares and sole dispositive power with respect to 23,795,265 shares).

(3) According to Schedule 13G filed with the SEC on February 10, 2022, The Vanguard Group is the beneficial owner of 15,351,111 shares (with sole voting power with respect to 0 shares, shared voting power with respect to 144,825 shares, sole dispositive power with respect to 15,097,016 shares and shared dispositive power with respect to 254,095 shares).

(4) According to a Schedule 13G filed with the SEC on February 11, 2022, Boston Partners, in its capacity as investment adviser to certain managed accounts and investment fund vehicles on behalf of investment advisory clients, is the beneficial owner of 7,229,559 shares (with sole voting power with respect to 5,890,734 shares, shared voting power with respect to 8,071 shares and sole dispositive power with respect to 7,229,559 shares).

Stock Ownership of Directors and Executive Officers

The following table shows the ownership of Resideo common stock, as of April 11, 2022, by each director, each of the NEOs, and all directors and executive officers as a group. The address of each director and executive officer shown in the table below is c/o Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254. Executive officers and directors are subject to stock ownership guidelines. Please see the "Compensation Discussion and Analysis" for a discussion of executive stock ownership guidelines and the "Stock Ownership Guideline for Non-Employee Directors" for a discussion of non-employee stock ownership guidelines.

Name	Shares of Common Stock(2)	Rights to Acquire Shares of Common Stock(3)	Total(4)	Percentage of Class Beneficially Owned
Non-Employee Directors				
Roger Fradin	198,315	4,070	202,385	*
Paul Deninger	34,252	4,070	38,322	*
Cynthia Hostetler	6,143	0	6,143	*
Brian Kushner	29,576	4,070	33,646	*
Jack Lazar	49,871	0	49,871	*
Nina Richardson	23,088	0	23,088	*
Andrew Teich	158,294	0	158,294	*
Sharon Wienbar	35,216	0	35,216	*
Kareem Yusuf	940	0	940	*
Named Executive Officers				
Jay Geldmacher(1)	305,374	0	305,374	*
Anthony Trunzo	403,814	82,161	485,975	*
Robert Aarnes	220,581	192,155	412,736	*
Phillip Theodore	93,703	62,466	156,169	*
Travis Merrill	50,838	0	50,838	*
All Current Directors and Executive Officers as a Group (16 individuals)	1,952,316	527,727	2,480,043	1.7%

* Indicates that the percentage of beneficial ownership does not exceed 1%, based on 145,372,308 shares of Company common stock outstanding as of April 11, 2022.

(1) Mr. Geldmacher is also a director of Resideo.

(2) This column includes shares held of record, shares held by a bank, broker or nominee for the person's account, shares held through family trust arrangements and shares held jointly with the named individuals' spouses. For Mr. Fradin, this column includes 8 shares held by a limited liability company owned by Mr. Fradin.

(3) This column includes shares of Company common stock that may be acquired under employee stock options that are exercisable as of April 11, 2022 or will become exercisable within 60 days thereafter and shares subject to restricted stock units that will vest within 60 days of April 11, 2022. No non-employee directors have Company stock options.

(4) This table does not include performance-based restricted share units or time-based stock options and restricted stock units that will not be earned and/or paid within 60 days of April 11, 2022.

Executive Compensation

Proposal 2: Advisory Vote to Approve Executive Compensation

We seek an annual non-binding advisory vote from our shareholders to approve the compensation of our Named Executive Officers as described in the "Compensation Discussion and Analysis" section below and the accompanying compensation tables. This vote is commonly known as "Say-on-Pay".

We encourage you to read the "Compensation Discussion and Analysis" and accompanying compensation tables to learn more about our executive compensation programs and policies. Our Board believes that its 2021 compensation-related pay decisions and our executive compensation programs align the interests of shareholders and executives by emphasizing variable compensation tied to achieving measurable goals that drive value.

This vote is not intended to address a specific item of compensation, but rather our overall compensation policies and procedures related to the Named Executive Officers. Because the Say-on-Pay vote is advisory, it will not be binding upon our Board. However, our Board will take into account the outcome of the vote and discussions with investors when considering future executive compensation arrangements.

Our Board recommends that shareholders vote in favor of the following resolution:

"**RESOLVED**, that the Company's shareholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders pursuant to the executive compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2021 Summary Compensation Table and the other related tables and disclosure."

The Board of Directors unanimously recommends a vote "FOR" Proposal 2, to approve, on an advisory basis, the compensation of the Company's Named Executive Officers, as stated in the above resolution.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Our Named Executive Officers

This Compensation Discussion and Analysis ("CD&A") describes the basic objectives, principles, decisions and rationale underlying our executive compensation policies and decisions made by the Compensation and Human Capital Committee of the Board (referred to as the "Committee" throughout the Executive Compensation section). The CD&A describes the material elements of the compensation of our executive officers identified below (the "Named Executive Officers" or "NEOs") for fiscal 2021:

NAMED EXECUTIVE	POSITION(S)
Jay Geldmacher	President and Chief Executive Officer
Anthony Trunzo	Executive Vice President, Chief Financial Officer
Phillip Theodore	President, Products & Solutions
Robert Aarnes	President, ADI Global Distribution
Travis Merrill	Executive Vice President, Chief Strategy & Commercial Officer

Our Executive Compensation Philosophy and Approach

We operate in a highly competitive and rapidly evolving market. Our ability to compete and succeed in this environment depends on our ability to recruit, incentivize and retain talented individuals.

We believe we have created a compensation program for our employees, including our executives, that provides a compelling and engaging opportunity. The program offers rewards for performance and engages our participants by requiring them to focus on driving the business to generate long-term value for our shareholders. We believe this approach is building a performance-driven leadership culture. Utilizing this philosophy, our executive compensation program has been designed to:

- Be market competitive, targeting median pay levels for total annual compensation, as defined by our peer group;
- Create sustained increases in shareholder value through incentives designed to drive high performance;
- Drive revenue growth, margin expansion and accelerate innovation;
- Reward achievement of near and long-term business performance targets;
- Make pay decisions based on an executive's skills and responsibilities, individual performance, experience, importance to the organization, retention, affordability and internal pay equity;
- Advance our environmental, social, and governance priorities; and
- Deliver compensation in accordance with good governance practices that do not encourage undue risk-taking by our employees.

Our executive compensation program for 2021 utilized revenue growth, operating income, and cash flow from operations as components of our annual incentive plan. A substantial portion of our long-term incentive award is linked to relative total shareholder return that reinforces our belief that the interests of our executive team must be intricately linked to that of our shareholders. We remain committed to best practices in compensation governance for public companies, as described in more detail below, and will regularly review our executive compensation strategy to maintain alignment with our objectives.

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Our Commitment to Compensation Best Practices

As part of our executive compensation program, the Committee is committed to regularly reviewing and considering best practices in governance in executive compensation. We maintain the following policies and practices that guide our ongoing, annual executive compensation program.

WHAT WE DO	WHAT WE DON'T DO
✔ Maintain robust stock ownership guidelines requiring our officers and directors to hold a significant ownership position in the Company	✖ Allow hedging or pledging of our securities by our directors and employees, including our NEOs
✔ Provide compensation packages heavily weighted toward equity compensation	✖ Backdate or spring-load equity awards
✔ Tie our incentive compensation programs directly to the creation of shareholder value	✖ Reprice stock options or stock appreciation rights without shareholder approval
✔ Link our annual bonus plan goals directly to our annual operating plan to drive our growth plan	✖ Offer any compensation programs or policies which reward excessive risk-taking
✔ Use multiple performance metrics for our 2021 annual incentive plan and include a maximum cap on all our incentive award payouts	✖ Provide multi-year guaranteed payments to executive officers
✔ Ensure a significant portion of our NEOs' compensation is variable and based on company performance	✖ Offer tax reimbursement payments or gross-ups on any severance or change in control payments
✔ Retain an independent compensation consultant, selected by the Committee, to advise on competitive compensation practices	✖ Provide any significant perquisites
✔ Provide for severance benefits to our NEOs in connection with a change in control of the Company that requires a double trigger	
✔ Require our NEOs, where permitted by law, to sign non-competition and intellectual property agreements	
✔ Set the annual goals for our CEO with consultation and regular performance evaluations by our independent directors	
✔ Maintain a compensation recoupment ("clawback") policy triggered by a material restatement of the Company's financial statements which is applicable to all our NEOs	
✔ Evaluate and manage risk in our compensation programs	

Peer Group and Market Data

With the assistance of our independent compensation consultant, FW Cook, the Committee selected the companies below to include in our peer group based on similar size revenue and market capitalization as well as alignment with our current profile, targeting industrial and distribution companies and internet and technology companies and focusing on the connected home. This peer group was used to support 2021 compensation decisions.

- A.O. Smith Corp.
- Acuity Brands, Inc.
- ADT Inc.
- Alarm.com Holdings, Inc.
- Allegion plc
- Arlo Technologies Inc.
- BlackBerry Limited
- Fortune Brands Home & Sec.
- Itron, Inc.
- Juniper Networks, Inc.
- Lennox International Inc.
- NCR Corporation
- NETGEAR, Inc.
- Nuance Communications
- Owens Corning
- Pentair plc
- Watsco, Inc.

In prior years, Anixter International ("Anixter") had been included in the Company's peer group. However, Anixter was acquired in June 2020 by WESCO International and thus removed from the list of peers for 2021. While the Committee considers peer group information provided by its independent consultant as part of its benchmarking analysis, it may also refer to other available resources including published compensation data from surveys to fully understand competitive compensation practices in the external marketplace for executive talent.

Although the Committee uses median benchmark data to guide its compensation decisions, actual compensation levels may vary based on the Committee's consideration of other factors described below.

Elements of Compensation

Overview

Our Committee has the primary authority to determine and approve the compensation of our NEOs. The Committee is charged with reviewing our executive compensation policies and practices annually to ensure that the total compensation paid to our NEOs is fair, reasonable, competitive to our peers and commensurate with the level of expertise and experience of our NEOs.

Our Committee reviews and approves the total amount of compensation for our NEOs and the allocation of total compensation among each of the components. The Committee's decisions related to NEO compensation levels and mix for fiscal 2021 were determined principally on the following factors:

- Individual and Company performance;
- Each executive's scope of responsibility and experience;
- The judgment and general industry knowledge obtained through years of service with comparably-sized companies in our industry and other similar industries; and
- Input about competitive market practices from our independent compensation consultant.

Our management team and human resources leadership worked closely with the Committee to analyze competitive market practices and effectively design and implement our executive compensation program. Our CEO regularly participates in Committee meetings and develops and provides recommendations to the Committee regarding the compensation for our NEOs (excluding himself) and the design of our incentive compensation programs. Our CEO and other NEOs are not present when their own compensation arrangements are discussed by the Committee.

Resideo's 2021 Executive Compensation Program

We have designed both near- and long-term incentive (LTI) compensation packages that we believe are competitive and support the compensation objectives described above. The key elements of our compensation program for NEOs are set forth below.

BASE SALARY	• Salaries are competitive with median market practice for the individual's role, taking into consideration individual performance, experience, scope of role relative to market benchmarks and other factors
ANNUAL INCENTIVE PLAN	• Our 2021 annual incentives were tied to achieving growth and profitability targets approved by the Board • Financial metrics for 2021 were revenue, operating income, and cash flow from operations, which represented 100% of the target incentive opportunity
LONG-TERM INCENTIVES	• Target long-term incentive values were granted to our NEOs through two equity instruments: • RSUs representing fifty percent (50%) of the total LTI value, vesting annually over three years in equal, one-third installments • Performance share units ("PSUs") representing fifty percent (50%) of the total LTI value, with potential payout determined based on our total shareholder return measured against the total shareholder return of the companies in the S&P 400 Industrials Index (rTSR)

The Committee approved a 2021 executive compensation program which reflects our business strategy and a strong pay-for-performance culture. Our rTSR-based PSUs will be earned based on our performance against that of the companies in the S&P 400 Industrial Index over a three-year performance period. Our RSU awards further align the interests of our NEOs with our shareholders and provide a meaningful retention vehicle.

2021 Base Salary

Our base salaries provide a competitive level of fixed compensation for our NEOs that is aligned with their role and accounts for additional factors such as their level of experience and individual performance. The Committee considers competitive fixed cash compensation to be an important foundation of a competitive total compensation program that will both retain and motivate our executives. At least annually, the Committee reviews the competitiveness of base salaries relative to external benchmarks and considers changes, as appropriate, taking into consideration market data as well as factors specific to our Company, including key elements of our compensation philosophy described above. For 2021, base salaries for NEOs were generally increased to reflect market-based increases. Upon review of external benchmarks, the base salaries for Mr. Geldmacher and Mr. Theodore were increased to align closer to the median base salary for executives in equivalent roles in the peer group and other survey data. Mr. Aarnes' annual salary was increased to $575,000 effective December 14, 2020 to reflect the significance of Mr. Aarnes' contributions and leadership within the Company and the ADI business. His salary was not increased further in 2021. Fiscal 2021 annual base salaries for the NEOs, including any change from the prior year, are reflected below:

Name	Title	2020 base salary	2021 base salary	Percent increase
Jay Geldmacher	President and Chief Executive Officer	$900,000	$1,000,000	11%
Anthony Trunzo	Executive Vice President, Chief Financial Officer	$585,000	$ 610,000	4%
Phillip Theodore	President, Products & Solutions	$475,000	$ 550,000	16%
Robert Aarnes(1)	President, ADI Global Distribution	$500,000	$ 575,000	15%
Travis Merrill(2)	EVP, Chief Strategy & Commercial Officer	$450,000	$ 450,000	N/A

(1) The increase reflected for Mr. Aarnes was effective on December 14, 2020.

(2) Mr. Merrill was hired on December 14, 2020 and was not eligible for a salary review in 2021.

2021 Annual Incentive Plan

The fiscal 2021 annual incentive plan provided NEOs the opportunity to earn a payout with a target set as a percent of the NEO's base salary. The Committee set financial metrics that represented 100% of the target incentive opportunity. Under the 2021 annual incentive plan, our NEOs were eligible to receive a payout ranging from a threshold payment of 50% to a maximum of 200% of the target award allocated to the achievement of each financial metric.

In determining the financial metrics used to set performance targets for our 2021 annual incentive compensation awards, our leadership team and Committee considered, among other factors, the importance of a clear and direct link between our published financial results and awards under our annual incentive. To that end, for 2021, the Committee selected financial metrics generally calculated in accordance with GAAP as reported in the Company's Form 10-K, consisting of reported Revenue, Operating Income, and Cash Flow from Operations. The relative weighting of each financial metric and a definition of the metric is set forth below:

Financial Metric	Weighting	Definition*
Revenue	1/3	Total value of the products and services sold to our customers net of discounts and returns from continuing operations
Operating Income	1/3	Revenue less costs of goods sold and operating expenses
Cash Flow from Operations (CFFO)	1/3	Represents cash flow from operating activities

* The measure of Revenue and Operating Income at the business unit level is calculated consistent with the segment footnote reported in the Company's Form 10-K. Further, the measure of CFFO at the business unit level begins with operating profits, which excludes taxes, interest, and non-operating expenses.

The annual incentive award financial metrics for our NEOs, other than Mr. Aarnes and Mr. Theodore, were based on consolidated Resideo results. The financial metrics for Mr. Aarnes' annual incentive award were weighted 50% on the results of the ADI business, and 50% based on Resideo's consolidated results. The financial metrics for Mr. Theodore's annual incentive award were weighted 50% on the results of the Products & Solutions business, and 50% on Resideo's consolidated results.

The tables below summarize the plan goals and performance results for 2021 for the Company overall and for the ADI and Products & Solutions segments. Following the acquisitions of Norfolk Wire & Electronics and Shoreview Distribution in 2021, the Committee approved small adjustments to the financial goals originally approved at the beginning of the year to include the projected financial results of these businesses into the 2021 goals under the annual incentive plan. In connection with certifying actual levels of performance following the completion of the performance period, the Committee determined to exclude the $16 million charge associated with the proposed settlement of a securities class action lawsuit from the final CFFO results reflected below for the Company overall as the timing and amount of any such charge was not known at the time the financial goals were originally approved and it related to matters that occurred prior to all but one of the current NEOs joining the Company.

Financial Performance*	For the period January 1 - December 31, 2021				
Total Company Financial Metrics* (equally weighted)	Threshold ($M)	Goal ($M)	Maximum ($M)	Actual ($M)	Financial Performance %
Revenue	$5,113	$5,382	$5,516	$5,846	109%
Operating Income	$ 448	$ 472	$ 566	$ 575	122%
Cash Flow from Operations	$ 322	$ 339	$ 441	$ 331	98%

Financial Performance*	For the period January 1 - December 31, 2021				
ADI Global Distribution Financial Metrics* (equally weighted)	Threshold ($M)	Goal ($M)	Maximum ($M)	Actual ($M)	Financial Performance %
Revenue	$2,956	$3,112	$3,268	$3,378	109%
Operating Income	$ 200	$ 210	$ 252	$ 268	128%
Cash Flow from Operations	$ 208	$ 219	$ 285	$ 238	109%

Financial Performance*	For the period January 1 - December 31, 2021				
Products & Solutions Financial Metrics* (equally weighted)	Threshold ($M)	Goal ($M)	Maximum ($M)	Actual ($M)	Financial Performance %
Revenue	$2,157	$2,270	$2,384	$2,468	109%
Operating Income	$ 466	$ 490	$ 588	$ 541	110%
Cash Flow from Operations	$ 546	$ 575	$ 748	$ 609	106%

* Each financial metric is reported excluding fluctuations in foreign currency.

In determining the actual 2021 bonus awards paid to each NEO pursuant to the annual incentive plan, the following formula was applied. The base salary amount used in the formula was the NEO's 2021 base salary rate.

Annual Incentive Cash Bonus = Base Salary × Target Bonus Percentage × Financial Performance Payout Percentage

NEO	Annual Incentive Cash Bonus	=	Base Salary	X	Target Bonus Percentage	X	Financial Performance Payout Percentage
Jay Geldmacher	$ 2,370,000		$ 1,000,000		150%		158%
Anthony Trunzo	$ 963,800		$ 610,000		100%		158%
Phillip Theodore	$ 869,000		$ 555,000		100%		158%
Robert Aarnes	$ 960,250		$ 575,000		100%		167%
Travis Merrill	$ 568,800		$ 450,000		80%		158%

2021 Long-Term Incentives

The goal of our long-term incentive plan is to align the compensation of our executives with the interests of shareholders by encouraging sustained long-term improvement in operational and financial performance and long-term increase in shareholder value. Long-term incentives also serve as retention instruments and provide equity-building opportunities for executives. Starting in 2021, our long-term incentives were delivered 50% in performance stock units and 50% in restricted stock units. Stock options have not been granted as part of our annual long-term incentive program since 2019. Equity awards to our employees are granted under the Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates (the "2018 Stock Incentive Plan"). The table below shows the mix of annual LTI components for 2021:

	2021 (% of Total LTI)
Performance Stock Units	50%
Restricted Stock Units	50%

2021 Restricted Stock Units

The annual restricted stock units (or RSUs) awarded in 2021 will vest ratably over three-years with one-third of the shares vesting on each anniversary of the grant date until fully vested on the third anniversary of the grant date, assuming the recipient is continually employed through each vesting date.

2021 Performance Stock Units

The PSUs granted in 2021, will vest based on a relative total shareholder return (rTSR) metric and will be earned by comparing our total shareholder return to the total shareholder return of other companies in the S&P 400 Industrial Index from January 1, 2021 through December 31, 2023. The threshold, target and maximum levels of rTSR achievement that correspond to the number of shares that will be earned are set forth below. Performance below the threshold will result in no shares being paid. The arrangement is similar to PSUs awarded in 2020.

	Percentile Rank	Payout as percent of target shares*
Threshold	25th	50%
Target	55th	100%
Maximum	75th	200%

* Linear interpolations between points

Payout of 2019 Performance Stock Units

December 31, 2021 marked the end of the three-year performance period for PSUs granted in February 2019. Those performance stock units vested based on achievement of Resideo's financial results over three years from January 1, 2019 through December 31, 2021. The performance metrics applicable to PSUs were revenue and adjusted EBITDA with each metric applied equally – 50% weight for each goal. The total shares that could be earned by an executive under these awards ranges from 20% of the target award to a maximum of 200% of target. One-third (1/3) of the total target PSUs applied to the measures for each of the three years of the performance period covered by the PSU award and could be earned independently of PSUs applicable to the performance goals for the other two years. Once deemed to be earned, the PSUs for any year under the 2019 PSU award were no longer subject to the performance measures for a subsequent year(s).

Of the NEOs, only Mr. Aarnes received the February 2019 PSUs, and based on the award achieving an overall payout of 103% of the target, Mr. Aarnes received 19,706 shares on February 9, 2022, based on an original target award of 19,133 shares. The table below reflects the goals and results for each of the three years under this award.

Year	Metric	Goal ($M)	Actual ($M)	Achievement%	Payout %	Metric Weight	Weighted Payout %	Annual Payout Achieved %	Final Payout %
2019	Revenue	$5,014	$4,986	99%	90%	50%	45%	60%	103%
	Adjusted EBITDA	$ 420	$ 360	86%	30%	50%	15%		
2020	Revenue	$5,215	$5,047	97%	70%	50%	35%	80%	
	Adjusted EBITDA	$ 437	$ 427	98%	90%	50%	45%		
2021	Revenue	$5,423	$5,846	108%	160%	50%	80%	168%	
	Adjusted EBITDA	$ 454	$ 537	118%	176%	50%	88%		

* For 2019 and 2020 revenue and adjusted EBITDA were calculated consistent with the annual incentive plan for each respective year. In 2021, revenue was calculated consistent with the 2021 annual incentive plan and there was no adjusted EBITDA target in the 2021 annual incentive plan.

Special one-time stock option award

In addition to the annual LTI awards, the Committee approved a one-time award of 150,000 stock options to Phillip Theodore that will vest 100% on September 28, 2024. Considering the significant improvements in the performance of the Products & Solutions business under his leadership, the Committee determined that it is in the best interest of the Company and its shareholders to retain the services of Mr. Theodore. His effective management of the Product & Solutions transformation initiative has led to significant improvements in revenue, profitability, and overall operational performance. As such, Mr. Theodore's talents and leadership skills are in high demand in the executive talent market. Accordingly, the Committee approved this award as an incentive to his continued services and performance with the Company.

Other Components of Our Compensation Program

Severance Plan

Each of our NEOs participates in the Resideo Technologies, Inc. Severance Plan for Designated Officers (the "Severance Plan"). The terms of the Severance Plan were established following a review of the severance practices among companies in our approved compensation peer group.

The Severance Plan addresses severance for our NEOs upon a termination following a change in control ("CIC"), considered a "double trigger", and is intended to ensure the continued attention of our NEOs to their roles and responsibilities without the distraction that may arise from the possibility of a job loss concurrent with a CIC of the Company.

In addition, the Severance Plan provides for severance payments and benefits that become payable if the employment of one of our NEOs is terminated by us without "cause" (as defined in the Severance Plan) subject to such individual signing and not revoking a release of claims agreement.

The Committee has adopted the Severance Plan to provide competitive post-employment compensation arrangements that promote the continued attention, dedication and continuity of the members of our senior management team, including our NEOs, and enable us to continue to recruit talented senior executive officers. The Committee intends to periodically review the severance available to our NEOs under the Severance Plan to ensure ongoing competitiveness and alignment with our overall compensation philosophy.

The severance benefits provided to our NEOs are outlined in the Potential Payments Upon Termination or Change in Control Table found later in this Proxy Statement.

Nonqualified Deferred Compensation Plan

Executive officers (including the NEOs) may choose to participate in the Resideo Supplemental Savings Plan, a nonqualified deferred compensation plan that permits additional tax-deferred retirement savings options. The Resideo Supplemental Savings Plan has two components, the Deferred Incentive Program (DIP) and the Supplemental Savings Program (SSP). Executive officers can elect to defer up to 100% of their annual incentive award under the DIP component. In addition, under the SSP component, executive officers may also elect to defer eligible compensation that cannot be contributed to the Company's 401(k) plan due to IRS limitations. The amounts contributed to the Supplemental Savings Plan are eligible for company matching credits, not to exceed 87.5% of the first 8% contributed combined between the SSP and the Company's 401(k) plan. The participant account balances in the SSP are subject to gains and losses, based on the returns of the Fidelity® U.S. Bond Index Fund. Effective January 1, 2022, Resideo simplified the formula for the company matching credits and changed it to be 100% of the first 7% contributed. The overall maximum matching contribution did not change between the two formulas, whereby the maximum company matching contribution is 7%.

Benefits and Perquisites

Our NEOs are eligible to receive the same benefits as our salaried employees in the U.S. The Company and the Committee believe this approach is reasonable and consistent with the overall compensation objectives to attract and retain employees. These benefits include medical, dental, vision, disability insurance, a 401(k) plan and other plans and programs made available to other eligible employees in the U.S. Employee benefits and perquisites are reviewed periodically to ensure that benefit levels remain competitive.

Executive Annual Physical Program

Starting in 2019, the Committee determined that all executive officers were encouraged to have an annual executive physical and would be eligible to participate in an executive annual physical program paid for by the Company. These physicals provide a more in-depth review of the health of those employees reporting to the President and Chief Executive Officer of the Company.

In connection with his hire, the Committee approved Mr. Geldmacher receiving an annual physical up to $5,000 and the right to use a private jet for business and commuting purposes, including a full tax gross-up for such use. These additional benefits were approved for Mr. Geldmacher related to his health and safety, particularly in light of the COVID-19 pandemic.

Executive Stock Ownership Guidelines

The Committee believes that the interests of our executives, including our NEOs, will be more aligned with those of our shareholders, and our NEOs will more effectively pursue strategies that promote our shareholders' long-term interests, if our executives hold substantial amounts of our stock. All of our executive officers, including our NEOs, are subject to minimum stock ownership guidelines that are administered by the Committee. Under these guidelines, our executive officers must hold shares of Resideo common stock equal in value to the following multiples of their current base salary:

CEO	6x Base Salary
Other Executive Officers	3x Base Salary

Our executive officers have five years from the date they become subject to the guidelines to meet the ownership requirement. Shares owned outright, unvested RSU awards and earned performance share awards are counted toward the ownership requirement. Shares may be sold during the accumulation period if satisfactory progress towards meeting the minimum requirement is demonstrated. As of December 31, 2021, all NEOs were within the five-year initial compliance period, and Mr. Trunzo and Mr. Aarnes have already met the minimum stock ownership requirement.

Incentive Recoupment Policy ("Clawback")

In the event of a material restatement of our financial results (a "Restatement"), the Board will review all incentive compensation paid to senior executives on the basis of having met or exceeded specific performance targets for performance periods during the Restatement period. To the extent permitted by applicable law, the Board will seek to recoup incentive compensation, in all appropriate cases (taking into account all relevant factors, including whether the assertion of a recoupment claim may prejudice the interests of the Company in any related proceeding or investigation), paid to, or credited to a deferred compensation account of, any senior executive, if and to the extent that:

(i) the amount of incentive compensation was calculated based upon the achievement of certain financial results that were subsequently reduced due to a Restatement;

(ii) the senior executive engaged in misconduct that caused the need for the Restatement; and

(iii) the amount of incentive compensation that would have been awarded to the senior executive had the financial results been properly reported would have been lower than the amount actually awarded.

Hedging and Pledging Policy

It is our policy that all of our directors, officers and employees are prohibited from engaging in short sales of Resideo securities and selling or purchasing puts or calls or otherwise trading in or writing options on Resideo securities and using certain financial instruments (including forward sale contracts, equity swaps, collars and exchange funds), holding securities in margin accounts or pledging Resideo securities as collateral, in each case, that are designed to hedge or offset any decrease in the market value of Resideo securities.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally limits the tax deductibility of compensation paid to the CEO and other covered officers to $1 million in any taxable year. Thus, we generally will not be able to take a deduction for any compensation paid to our NEOs in excess of $1 million. While the Committee considers this limitation on tax deductibility, its decisions regarding executive compensation are determined based on the philosophy and factors described above.

Compensation and Human Capital Management Committee Report

The Committee has reviewed and discussed with management the Company's Compensation Discussion and Analysis included in this Proxy Statement. Based on this review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and the Company's Form 10-K for the year ended December 31, 2021.

This report is provided by the following independent members of the Board, who comprise the Committee:

Sharon Wienbar (Chair)
Nina Richardson
Andrew Teich
Kareem Yusuf

Summary Compensation Table

The following table sets forth information concerning the compensation awarded to, earned by or paid to our NEOs during 2021.

Officer Name	Position	Year	Base Salary ($)	Bonus ($)[1]	Stock Awards ($)[2]	Option Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	Changes in Pension Values and Non Qual. Deferred Comp Earnings ($)[5]	All Other Compensation ($)[6]	Total Compensation ($)
Jay Geldmacher	President & Chief Executive Officer	2021	973,846	—	9,835,196	—	2,370,000	—	924,228	14,103,270
		2020	526,154	2,894,098	774,547	464,589	—	—	38,579	4,697,966
Anthony Trunzo	EVP, Chief Financial Officer	2021	603,462	—	2,799,719	—	963,800	245	40,956	4,408,182
		2020	326,250	447,775	3,438,060	339,343	—	—	17,749	4,569,177
Phillip Theodore	President, Products & Solutions	2021	530,385	—	2,294,821	1,153,050	869,000	—	19,785	4,867,041
Robert Aarnes	President, ADI Global Distribution	2021	575,000	20,192	2,622,673	—	960,250	40,676	50,620	4,269,411
		2020	487,115	—	2,222,916	524,999	488,000	40,092	19,637	3,782,759
		2019	437,671	—	933,308	466,661	490,500	40,977	19,145	2,388,262
Travis Merrill	EVP, Chief Strategy & Commercial Officer	2021	450,000	—	1,311,336	—	568,800	922	35,543	2,366,601

(1) For 2020, Mr. Geldmacher received a sign-on bonus and both Mr. Geldmacher and Mr. Trunzo received guaranteed bonus payouts at target, pro-rated for their period of employment, pursuant to the terms of their offer letters. In addition, Mr. Trunzo received a discretionary bonus payment of $150,000 for his exceptional efforts to complete an equity financing and debt refinancing that strengthened the Company’s balance sheet and provided meaningfully increased financial flexibility. The amount reflected for Mr. Aarnes represents a payment approximately equivalent to salary reductions taken from his pay in the first quarter of 2020 as part of cost cutting initiatives in response to the COVID-19 pandemic. Early in 2021, the Company elected to award this one-time bonus following a review of the Company’s performance in fiscal year 2020.

(2) Stock awards granted in 2021 consisted of restricted stock unit (RSU) awards and performance stock unit (PSU) awards. The amounts reported in this column represent the aggregate grant date fair value of the RSU awards for fiscal years 2021, 2020 and 2019 and of the target level of the PSU awards for fiscal years 2021, 2020 and 2019. We calculated these amounts in accordance with the provisions of FASB ASC Topic 718 utilizing the assumptions discussed in Note 5 to our financial statements for the fiscal year ended December 31, 2021. The fair value of the RSUs is based on the average of the high and low prices for Resideo stock on the grant date. The value of the 2021 PSUs reflects the grant date fair value of the PSUs when granted in February 2021 of $42.98 per share based on the Monte Carlo simulation model assuming volatility of 47.43% and a risk-free interest rate of 0.20%.

The grant date fair value of the 2021 RSUs and the grant date fair value of the 2021 PSUs if target performance and maximum performance is achieved are as follows:

		PSUs	
Name	RSUs ($)	Target ($)	Maximum ($)
Jay Geldmacher	3,730,102	6,105,094	12,211,188
Anthony Trunzo	1,061,823	1,737,896	3,475,792
Phillip Theodore	876,335	1,424,486	2,848,972
Robert Aarnes	994,676	1,627,996	3,255,992
Travis Merrill	497,338	813,998	1,627,996

(3) The amounts reported in this column represent the aggregate grant date fair value of the option awards for fiscal year 2021, 2020 and 2019. We calculated these amounts in accordance with the provisions of FASB ASC Topic 718 utilizing the assumptions discussed in Note 5 to our financial statements for the fiscal year ended December 31, 2021.

(4) The amounts in this column represent the total 2021, 2020 and 2019 annual incentive payments, as applicable, made to the NEOs as described in more detail above in the “Compensation Discussion & Analysis – Elements of Compensation” section of this Proxy Statement. The amount shown was paid shortly after the end of the fiscal year.

(5) The amounts in this column represent the aggregate change in the present value of each NEO's accumulated benefit under the Company's pension plans (as disclosed in the Pension Benefits table below), as well as any earnings during the respective year under the non-qualified deferred compensation plan.

(6) The amounts reported in this column for 2021, 2020 and 2019 include costs for relocation benefits, including the cost of temporary housing, company contributions under the 401(k) and deferred compensation plan, the imputed value of company-provided life insurance, and costs for executive healthcare services. In addition, for Mr. Geldmacher, the amounts for 2021 include private jet use for commuting as permitted pursuant to his offer letter, which is described in more detail below.

Name	401(k) Company Contributions ($)	Deferred Compensation Plan Company Contributions ($)	Relocation Costs ($)(a)	All Other ($)(b)
Jay Geldmacher	—	—	851,782	72,476
Anthony Trunzo	17,063	21,121	—	2,772
Phillip Theodore	17,063	—	—	2,723
Robert Aarnes	17,063	—	29,105	4,453
Travis Merrill	17,063	14,438	—	4,042

(a) Includes reimbursement of expenses related to Mr. Geldmacher's and Mr. Aarnes' move to the Company's new headquarters in Arizona, including temporary housing for Mr. Geldmacher. Also includes tax gross-up payments to Mr. Geldmacher of $347,393 related thereto.

(b) Includes costs for executive healthcare services and excess liability insurance premiums paid by the Company. For Mr. Geldmacher, includes $64,391 related to private jet use for commuting. In addition to the reported amounts, Mr. Geldmacher's spouse was permitted to accompany him when he used a private jet for business and commuting travel, for which there was no incremental cost.

Grants of Plan-Based Awards — Fiscal Year 2021

The following table summarizes the grants of plan-based awards made to our NEOs during the fiscal year ended December 31, 2021.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards							
Officer Name	Award Type	Grant Date	Threshold ($)[A]	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh.)	Closing Price on Date of Grant of Option Awards ($/sh.)	Grant Date Fair Value of Stock and Option Awards ($/sh.)
Jay Geldmacher	AIP[1]		750,000	1,500,000	3,000,000	—	—	—	—	—	—	—	—
	RSU[2]	02/18/2021	—	—	—	—	—	—	142,045	—	—	—	3,730,102
	PSU[3]	02/18/2021	—	—	—	71,022	142,045	284,090	—	—	—	—	6,105,094
Anthony Trunzo	AIP[1]		305,000	610,000	1,220,000	—	—	—	—	—	—	—	—
	RSU[2]	02/18/2021	—	—	—	—	—	—	40,435	—	—	—	1,061,823
	PSU[3]	02/18/2021	—	—	—	20,217	40,435	80,870	—	—	—	—	1,737,896
Phillip Theodore	AIP[1]		275,000	550,000	1,100,000	—	—	—	—	—	—	—	—
	RSU[2]	02/18/2021	—	—	—	—	—	—	33,143	—	—	—	870,335
	PSU[3]	02/18/2021	—	—	—	16,571	33,143	66,286	—	—	—	—	1,424,486
	Stock Options[4]	09/28/2021	—	—	—	—	—	—	—	150,000	25.48	25.17	1,153,050
Robert Aarnes	AIP[1]		287,500	575,000	1,150,000	—	—	—	—	—	—	—	—
	RSU[3]	02/18/2021	—	—	—	—	—	—	37,878	—	—	—	994,676
	PSU[3]	02/18/2021	—	—	—	18,939	37,878	75,756	—	—	—	—	1,627,996
Travis Merrill	AIP[1]		225,000	450,000	900,000	—	—	—	—	—	—	—	—
	RSU[2]	02/18/2021	—	—	—	—	—	—	18,939	—	—	—	497,338
	PSU[3]	02/18/2021	—	—	—	9,469	18,939	37,878	—	—	—	—	813,998

(A) Represents the payment received for the minimum level of performance required to achieve a payout under the plan for 2021.

(1) Annual incentive compensation (or AIP) awarded under the Resideo Bonus Plan for the 2021 performance year, which are paid in early 2022.

(2) Annual restricted stock units granted under the Resideo 2018 Stock Incentive Plan. The restricted stock units will vest ratably on the first, second and third anniversaries of the grant date. See the Outstanding Equity Awards at 2021 Fiscal Year-End table below for further details on the equity awards listed above. The fair value of the RSUs reflected in the final column is based on the average of the high and low prices for Resideo stock on the grant date.

(3) Performance stock units (PSUs) granted under the Resideo 2018 Stock Incentive Plan. The award is subject to Resideo's relative Total Shareholder Return ranking against the companies in the S&P 400 Industrials Index for the period from January 1, 2021 through December 31, 2023 and will pay out in February 2024 if earned. The amounts in the Target column represent the number of shares earned at a ranking of the 55th percentile as compared to the companies in the Index. The amounts in the column labeled Threshold represent the total number of shares that would be earned if Resideo were to achieve a ranking of the 25th percentile. The amounts in the column labeled Maximum represent the total number of shares that would be earned if Resideo were to achieve a ranking of the 75th percentile or above. The fair value reflected in the final column is calculated in accordance with the provisions of FASB ASC Topic 718 as described in footnote 2 to the Summary Compensation Table above.

(4) Non-qualified stock options granted to Mr. Theodore under the Resideo 2018 Stock Incentive Plan. The options will vest in full on the third anniversary of the grant date. See the Outstanding Equity Awards at 2021 Fiscal Year-End table below for further details on the equity awards listed above. The grant date fair value of stock options was calculated in accordance with FASB ASC Topic 718 using the Black-Scholes option valuation model as of the date of grant based on the assumptions reflected in Note 5 to our financial statements for the fiscal year ended December 31, 2021.

Certain Terms of Equity Awards

Dividend equivalents may be earned on the RSU and PSU awards, however they will be subject to the same vesting and forfeiture provisions that apply to the underlying award to which they relate. The Company has not paid dividends since becoming an independent public company.

The option, RSU and PSU awards are subject to double trigger accelerated vesting and payout upon a change in control only if the award is (1) assumed, replaced or continued by the successor entity and (2) the recipient's employment is terminated without cause or, in the case of certain executives only, if the award recipient resigns for good reason, in each case, within 24 months after the change in control, or if the surviving entity in the change in control transaction refuses to continue, assume, or replace the awards. In such instance the options and RSU awards will vest in full immediately, and assuming the performance period has not been completed, the PSU awards will vest based on target performance during the truncated performance period and on a pro rata basis based on a target number of units for the year following the truncated performance period.

If an award recipient's employment ends as a result of his or her death or disability, vesting of the options and RSU awards will accelerate in full, while the PSU awards will vest on a pro-rata basis, based on actual performance as measured at the end of the performance period. If an award recipient's employment ends as a result of retirement and the participant accepts certain post-employment conditions, the RSU awards and options will continue to vest in accordance with the original vesting schedule and the PSU awards will vest in accordance with the previous sentence.

In the case of executive officers only, if an award recipient's employment ends as a result of an involuntary termination without cause by the Company, the options and RSU awards will vest on a pro rata basis immediately and the PSU awards will vest on a pro-rata basis, based on actual performance as measured at the end of the performance period.

If an award recipient's employment ends for any other reason, unvested options, RSU and PSU awards will be forfeited. With respect to each of the option, RSU and PSU awards described above, if an award recipient breaches certain non-competition or non-solicitation obligations, the recipient's unvested units will be forfeited, and certain shares issued in settlement of units that have already vested must be returned to the Company or the recipient must pay the Company the amount of the shares' fair market value as of the date they were issued.

The impact of a termination of employment or change in control of our Company on option, RSU and PSU awards held by our NEOs is quantified in the "Potential Payments Upon Termination or Change in Control" section below.

All stock awards granted to the NEOs shown in the table above were granted under the 2018 Stock Incentive Plan and are governed by and subject to the terms and conditions of the plan and the relevant award agreements.

Outstanding Equity Awards at 2021 Fiscal Year-End

The following table summarizes information regarding outstanding equity awards held by our NEOs as of December 31, 2021.

			Option Awards				Stock Awards	
Officer Name	Grant Date	Notes	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Price ($)	Unexercised Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value* of Shares or Units That Have Not Vested ($)
Jay Geldmacher	05/28/2020	(1)	—	237,035	6.63	5/27/2027	—	—
	05/28/2020	(2)	—	—	—	—	46,928	1,221,536
	05/28/2020	(3)	—	—	—	—	117,320	3,053,840
	02/18/2021	(4)	—	—	—	—	142,045	3,697,431
	02/18/2021	(5)	—	—	—	—	142,045	3,697,431
	Total		—	237,035	—	—	448,338	11,670,238
Anthony Trunzo	06/08/2020	(6)	74,052	37,026	9.86	6/7/2027	—	—
	06/08/2020	(7)	—	—	—	—	16,217	422,129
	06/08/2020	(3)	—	—	—	—	60,814	1,582,988
	06/08/2020	(8)	—	—	—	—	300,000	7,809,000
	02/18/2021	(4)	—	—	—	—	40,435	1,052,523
	02/18/2021	(5)	—	—	—	—	40,435	1,052,523
	Total		—	111,078	—	—	457,901	11,919,163
Phillip Theodore	06/01/2020	(9)	28,395	56,790	6.97	5/7/2027	—	—
	06/01/2020	(10)	—	—	—	—	11,352	295,493
	06/01/2020	(3)	—	—	—	—	42,572	1,108,149
	02/18/2021	(4)	—	—	—	—	33,143	862,712
	02/18/2021	(5)	—	—	—	—	33,143	862,712
	09/28/2021	(11)	—	150,000	25.48	9/27/2028	—	—
	Total		28,395	206,790	—	—	120,210	3,129,066
Robert Aarnes	9/29/2016	(12)	—	—	—	—	3,788	98,602
	2/27/2018	(13)	—	—	—	—	1,211	31,522
	10/29/2018	(14)	—	—	—	—	14,365	373,921
	2/11/2019	(15)	45,886	22,943	24.39	2/10/2026	—	—
	2/11/2019	(16)	—	—	—	—	6,378	166,019
	2/20/2020	(17)	61,663	123,326	10.27	2/19/2027	—	—
	2/20/2020	(18)	—	—	—	—	23,102	601,345
	2/20/2020	(3)	—	—	—	—	86,633	2,255,057
	12/14/2020	(19)	—	—	—	—	50,000	1,301,500
	02/18/2021	(4)	—	—	—	—	37,878	985,964
	02/18/2021	(5)	—	—	—	—	37,878	985,964
	Total		107,549	146,269	—	—	261,233	6,799,895
Travis Merrill	12/21/2020	(20)	—	—	—	—	6,667	173,542
	02/18/2021	(4)	—	—	—	—	18,939	492,982
	02/18/2021	(5)	—	—	—	—	18,939	492,982
	Total		—	—	—	—	44,545	1,159,506

* Based on the closing stock price for Resideo stock on December 31, 2021 ($26.03). All awards with grant dates prior to October 29, 2018, the date of the Spin-Off, were equity awards (stock options, RSUs and PSUs) issued by Honeywell that were converted to Resideo RSUs on October 29, 2018.

(1) These non-qualified stock options will vest in full on May 28, 2023.

(2) These RSUs will vest in full on May 28, 2023.

(3) These PSUs were awarded in 2020 and can be earned after the end of the three-year performance period ending December 31, 2022. The number of PSUs that the NEO will receive is dependent upon the ranking of our relative Total Shareholder Return as compared to the Total Shareholder Return of the companies in the S&P 400 Industrials Index. The number of PSUs shown is the target number of shares that can be earned. Pursuant to their award agreement, Mr. Geldmacher's PSU award, if earned, will vest on May 28, 2023 and Mr. Trunzo's award, if earned, will vest on June 8, 2023.

(4) Of these remaining RSUs, one-third vested on February 18, 2022 and one-third vests on each of February 18, 2023 and February 18, 2024.
(5) These PSUs were awarded in on February 18, 2021 and can be earned after the end of the three-year performance period ending December 31, 2023. The number of PSUs that the NEO will receive is dependent upon the ranking of our relative Total Shareholder Return as compared to the Total Shareholder Return of the companies in the S&P 400 Industrials Index. The number of PSUs shown is the target number of shares that can be earned.
(6) These remaining non-qualified stock options vest in equal annual installments on June 8, 2022, and June 8, 2023.
(7) These RSUs vests in equal annual installments on June 8, 2022, and June 8, 2023.
(8) These RSUs vest in equal installments on June 8, 2023 and June 8, 2024.
(9) These non-qualified stock options will vest in equal installments on June 1, 2022 and June 1, 2023.
(10) These RSUs will vest in equal installments on each of June 1, 2022 and June 1, 2023.
(11) These non-qualified stock options will vest in full on September 28, 2024.
(12) The remaining unvested RSUs under this converted Honeywell award will vest on September 29, 2023.
(13) The remaining unvested RSUs under this converted Honeywell award vested on February 27, 2022.
(14) The remaining unvested RSU under the Founder's Grant RSU Award granted on October 29, 2018 will vest on October 29, 2022.
(15) These remaining non-qualified stock options vested on February 11, 2022.
(16) These remaining RSUs vested on February 11, 2022.
(17) Of these remaining non-qualified stock options, one-half vested on February 20, 2022 and one-half will vest on February 20, 2023.
(18) Of these RSUs, one-half vested on February 20, 2022 and one-half will vest on February 20, 2023.
(19) These RSUs will vest in full on December 14, 2025.
(20) These RSUs vest in installments of 3,334 shares on December 21, 2022 and 3,333 shares on December 21,2023.

Option Exercises and Stock Vested — Fiscal Year 2021

The following table summarizes information regarding stock options exercised by the NEOs during the fiscal year ended December 31, 2021 and RSU and PSU awards that vested during that same period.

	Option Awards		Stock Awards	
Officer Name	# of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting ($)(2)
Jay Geldmacher	—	—	—	—
Anthony Trunzo	—	—	8,108	261,791
Phillip Theodore	—	—	5,676	173,941
Robert Aarnes(3)	—	—	67,944	1,753,484
Travis Merrill	—	—	3,333	83,485

(1) Represents the total number of RSUs that vested during 2021 before share withholding for taxes and transaction costs.
(2) Represents the total value of RSUs at the vesting date calculated as the average of the high and low prices for Resideo stock on the day of vesting multiplied by the total number of RSUs that vested. The individual totals may include multiple vesting transactions during the year.
(3) The amounts reflected for Mr. Aarnes include 19,706 shares distributed on February 9, 2022 for his February 11, 2019 PSU, which achieved a payout of 103% of target. The value of the shares when distributed was $489,891.

Pension Benefits

The following table provides summary information and related disclosures provide information regarding benefits under the Resideo Technologies Inc. Pension Plan ("RPP") and the Resideo Supplemental Pension Plan ("SPP"), a nonqualified plan. The RPP and SPP provide pension benefits only to those employees who previously participated in the Honeywell pension plans prior to the Spin-Off. Accordingly, the only NEO who participates in the RPP and SPP is Mr. Aarnes.

The RPP and SPP benefits depend on the length of each NEO's employment with the Company and certain predecessor companies. This information is provided in the table below under the column entitled "Number of Years of Credited Service." A participant's credited service is generally equal to his or her period of employment with the Company or an affiliate (or, for periods prior to October 29, 2018, Honeywell International Inc. or a Honeywell affiliate), excluding periods of employment when the participant was not eligible to participate in the RPP or a predecessor Honeywell plan. The column in the table below entitled "Present Value of Accumulated Benefits" represents a financial calculation that estimates the cash value today of the full pension benefit that has been earned by each NEO. It is based on various assumptions, including assumptions about how long each NEO will live and future interest rates. Additional details about the pension benefits for each NEO follow the table.

Officer Name	Plan Names	Early Retirement Eligible?	Number of Years of Credited Service (#)	Present Value of Accumulated Benefits ($)	Payments During Last Fiscal Year ($)
Robert Aarnes	Resideo Technologies Inc. Pension Plan (Qualified component)	Yes	9.0	75,468	—
	Resideo Technologies Inc. Supplemental Pension Plan (Non-Qualified component)		9.0	112,005	—
	Total			187,473	—

Summary Information

- The RPP is a tax-qualified pension plan in which a significant portion of our U.S. employees participate.
- The RPP complies with tax requirements applicable to broad-based pension plans, which impose dollar limits on the compensation that can be used to calculate benefits and on the amount of benefits that can be provided. As a result, the pensions that can be paid under the RPP for higher-paid employees represent a much smaller fraction of current income than the pensions that can be paid to less highly paid employees. We make up for this difference, in part, by providing supplemental pensions through the SPP.

Pension Benefit Calculation Formulas

Within the RPP and the SPP, a variety of formulas are used to determine pension benefits. Different benefit formulas apply for different groups of employees for historical reasons (e.g., past acquisitions by a predecessor company) and the differences in the benefit formulas for our NEOs reflect this history.

- The Retirement Earnings Plan ("REP") Formula is used to determine the amount of pension benefits for each of our NEOs under the RPP and the SPP. Under this Formula, benefits are paid as a lump sum equal to (1) 3% or 6% of final average compensation (the average of a participant's annual compensation for the five calendar years out of the previous ten calendar years that produces highest average) times (2) credited service.

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For each pension benefit calculation formula, compensation includes base pay, short-term incentive compensation, payroll-based rewards and recognition and lump sum incentives. The amount of compensation taken into account under the RPP is limited by tax rules. The amount of compensation taken into account under the SPP is not. The table below describes which formulas are applicable to our participating NEO.

NAME/FORMULA	DESCRIPTION OF TOTAL PENSION BENEFITS
Mr. Aarnes REP formula 3%	• Mr. Aarnes' pension benefits under the RPP and the SPP are determined under the REP formula.

At early retirement, the monthly pension is computed on the same basis as at normal retirement, but the pension is reduced 6.67% per year for each of the first five years and 3.33% for each of the next five years by which commencement precedes normal retirement date.

Nonqualified Deferred Compensation

Officer Name	Executive Contributions in 2021 ($)(1)	Registrant Contributions in 2021 ($)(2)	Aggregate Earnings in 2021 ($)(3)	Aggregate Withdrawals and Distributions in 2021 ($)	Aggregate Balance at the End of Fiscal Year 2021 ($)(4)
Anthony Trunzo	24,138	21,121	245	—	24,120
Travis Merrill	90,000	14,438	922	—	89,235

All deferred compensation amounts are unfunded and unsecured obligations of the Company and are subject to the same risks as any of the Company's general obligations.

(1) The amounts in this column were contributed by the NEO into his account under the deferred compensation plan, which includes amounts reflected in the "Base Salary" column of the Summary Compensation Table.

(2) Amounts in this column are contributions made to the NEOs account in 2022 for the 2021 calendar year.

(3) The amounts in this column represent interest and dividends earned on balances held in the NEO's account during 2021.

(4) Each Mr. Trunzo and Mr. Merrill elected to participate in the non-qualified deferred compensation program in their first year of eligibility in 2020. Therefore, this is the first year of activity to be reported.

Resideo Supplemental Savings Plan

The Resideo Supplemental Savings Program ("RSSP") is a nonqualified deferred compensation plan that allows eligible Resideo employees, including the NEOs, to save additional amounts in excess of what is allowed under the Company's tax-qualified 401(k) plan due to the annual deferral and compensation limits imposed by the Internal Revenue Code. The RSSP has two components, the Deferred Incentive Program (DIP) and the Supplemental Savings Program (SSP). Executive officers can elect to defer up to 100% of their annual bonus awards under the DIP component. In addition, executive officers may also participate in the SSP component to defer eligible compensation that cannot be contributed to the Company's 401(k) savings plan due to IRS limitations. The amounts contributed to the SSP component are eligible for matching contributions not to exceed 87.5% of the first 8% contributed combined between the SSP and the 401(k) plan. Matching contributions are always vested. Effective January 1, 2022, Resideo simplified the formula for the company matching contributions and changed to 100% of the first 7% of employee contributions. The overall maximum matching contribution did not change between the two formulas, whereby the maximum company matching contribution is 7%.

Interest Rate. All funds are invested in the Fidelity U.S. Bond Index Fund and participant accounts are credited with interest based on the fund's performance. Matching contributions are also treated as invested in Fidelity U.S. Bond Index Fund.

Distribution. Amounts transferred from the Honeywell Supplemental Savings Plan or Honeywell Deferred Incentive Plan to the RSSP will follow the same distribution options as applied under the Honeywell plan. For deferrals to the RSSP starting in 2019 or later years, payments will commence at the earlier of the participant's separation from service, death or the in-service distribution date elected by the participant. Amounts will be paid to participants in a lump sum or installment payments, for payments triggered by separation from service or an in-service distribution at the election of the participant. Participant RSSP accounts are distributed in cash only. Participants can make different payment elections under the SSP and the DIP components of the RSSP.

Compensatory Arrangements with NEOs

We are party to offer letters with our CEO and CFO, the material terms of which are summarized below. The summary below excludes payments and benefits generally available to all executive officers under the terms of the Company's equity award agreements that are described above. We do not have any individual compensatory arrangements with the other NEOs.

Offer Letter with Jay Geldmacher, President and Chief Executive Officer

The Company entered into an offer letter with Mr. Geldmacher, effective May 28, 2020, in connection with his appointment as President and Chief Executive Officer. Pursuant to the letter agreement, Mr. Geldmacher is eligible to receive an annual base salary of $900,000, subject to annual adjustment. Mr. Geldmacher has a target annual incentive compensation opportunity equal to 150% of his annual base salary, with a maximum opportunity of no less than 200% and, for 2020, the payout was guaranteed at no less than his pro-rated target incentive amount. Also for 2020, Mr. Geldmacher was granted a pro-rated long-term incentive award equal valued at $3,097,000 at target, 10% of which value was granted as time-based restricted stock units, 15% as stock options and 25% as performance-based restricted stock units, all of which will vest on the third anniversary of the grant date, and the remaining 50% was granted as a cash bonus payable following the third anniversary of the grant if Mr. Geldmacher remains employed; provided that Mr. Geldmacher will receive a pro-rated payout of the cash bonus if his employment terminates due to death, disability, termination without cause or resignation for good reason. In the event of a change in control, all of Mr. Geldmacher's equity awards will vest in full in the event they are not assumed in such change in control or if his employment is terminated without cause or for good reason within 24 months following such change in control.

Mr. Geldmacher received a cash sign-on bonus of $2,000,000 million that will be subject to ratable repayment if he resigns other than for good reason or is terminated for cause before completing 24 months of employment. Mr. Geldmacher also was entitled to receive a make-whole payment of up to $90,000 due to the forfeiture of a quarterly bonus opportunity with his prior employer. Mr. Geldmacher will be eligible for the severance benefits provided to the Company's other executive officers; provided, that Mr. Geldmacher will also be eligible to receive severance benefits in the event he resigns for good reason. Good reason is defined as Mr. Geldmacher not serving as the most senior executive of the Company or reporting directly and exclusively to the Board, assignment to Mr. Geldmacher of duties materially inconsistent with his position, any material diminution of his position, authority, duties or responsibilities, any reduction in annual base salary or target annual incentive opportunity from the amounts in the offer letter, requiring Mr. Geldmacher to be based at any office or location greater than 25 miles away from the Company's headquarters or any material breach of the offer letter by the Company.

In addition to participating in the Company's benefits for other employees and executives, Mr. Geldmacher will receive (i) an executive physical benefit valued at up to $5,000 annually, (ii) the right to use a private jet for business and commuting purposes, including a full tax gross-up for any income taxes on such use, (iii) relocation assistance under the Company's officer level relocation guidelines and reimbursement for temporary housing for up to 12 months and up to $75,000, and (iv) reimbursement of his legal fees related to negotiation and documentation of his employment agreement up to $37,500. In July 2021, in connection with a determination that we would relocate our corporate headquarters, the Compensation Committee approved an amendment to Mr. Geldmacher's offer letter to increase his temporary housing allowance, in excess of the company's standard benefits, to $125,000 and remove the time limitation on such benefits.

Offer Letter with Anthony Trunzo, Executive Vice President, Chief Financial Officer

The Company entered into an offer letter with Mr. Trunzo on May 22, 2020, in connection with Mr. Trunzo's appointment as Executive Vice President, Chief Financial Officer effective June 8, 2020. Pursuant to the terms of the offer letter, Mr. Trunzo is eligible to receive an annual base salary of $585,000, subject to annual adjustment. Mr. Trunzo has a target annual incentive compensation opportunity equal to 90% of his annual base salary, and for 2020, the payout was guaranteed to be no less than his pro-rated target incentive amount. Also for 2020, Mr. Trunzo was granted a long-term incentive award valued at $1,131,148 at target, 20% of which value was granted as time-based restricted stock units, 30% as stock options and 50% as performance-based restricted stock units, subject to the same customary vesting terms for the Company's equity awards for other executive officers.

Mr. Trunzo received a sign-on equity award of 300,000 restricted stock units that will vest as to one-half of such shares on each of the third and fourth anniversaries of the date of grant. Mr. Trunzo will be eligible for the Severance Plan; provided that Mr. Trunzo will also be eligible to receive severance benefits in the event he resigns for good reason. Pursuant to the letter agreement, good reason is defined as assignment to Mr. Trunzo of duties materially inconsistent with his position, any material diminution of his position, authority, duties or responsibilities, any reduction in annual base salary or target annual incentive opportunity from the amounts in the offer letter or any material breach of the offer letter by the Company. In addition to participating in the Company's benefits for other employees and executives, Mr. Trunzo was entitled to reimbursement of his legal fees related to negotiation and documentation of his offer letter up to $10,000.

Potential Payments Upon Termination or Change in Control

Overview

This section describes the benefits payable to our NEOs in two circumstances:

- Termination of employment
- Change in Control ("CIC")

Officer Severance Plan

These benefits are determined primarily under our Resideo Technologies, Inc. Severance Plan for Designated Officers, or Severance Plan, which our Committee approved in November 2018 and reflects their assessment of external market data on benefits commonly offered to senior executives in such circumstances. The Committee strongly believes that our severance benefits are generally in line with current market practices and are particularly important as we do not maintain employment agreements with our NEOs. Benefits provided under the Severance Plan are conditioned on the executive executing a full release of claims and compliance with certain non-competition and non-solicitation covenants in favor of the Company. The right to continued severance benefits under the plan ceases in the event of a violation of such covenants. In addition, we would seek to recover certain severance benefits already paid to any executive who violates such restrictive covenants.

In addition to the Severance Plan, several of our other benefits plans, such as our Annual Incentive Compensation Plan, also have provisions that impact these benefits. These benefits ensure that our executives are motivated primarily by the needs of the businesses for which they are responsible, rather than circumstances that are outside the ordinary course of business, i.e., circumstances that might lead to the termination of an executive's employment or that might lead to a CIC of the Company. Generally, this is achieved by assuring our NEOs that they will receive a level of continued compensation if their employment is adversely affected in these circumstances, subject to certain conditions. We believe that these benefits help ensure that affected executives act in the best interests of our shareholders, even if such actions are otherwise contrary to their personal interests. This is critical because these are circumstances in which the actions of our NEOs may have a material impact upon our shareholders. Accordingly, we set the level and terms of these benefits in a way that we believe is necessary to obtain the desired results. The level of benefit and the rights to benefits are determined by the type of termination event, as described below.

In the case of a CIC, severance benefits under the Severance Plan are payable only in the event that both parts of the "double trigger" are satisfied. That is, (i) there must be a CIC of our Company, and (ii)(A) the NEO must be involuntarily terminated other than for cause, or (B) the NEO must initiate the termination of his own employment for good reason. Similarly, our 2018 Stock Incentive Plan does not offer single-trigger vesting of equity awards that are assumed or replaced by an acquirer upon a CIC.

Equity Awards

Death and Disability – In the case of a recipient's death or disability, vesting of options and restricted stock units accelerates in full and a pro rata portion of the PSUs will vest and settle if, and to the extent of, Resideo's actual achievement of the performance measures during the performance period. The options remain exercisable until the earlier of three years after termination or the original expiration date.

Involuntary Termination Without Cause – If an executive officer is subject to an involuntary termination without cause by Resideo, a pro rata portion of his or her options and restricted stock units will vest immediately upon termination, and a pro rata portion of the PSUs will vest and settle if, and to the extent of, Resideo's actual achievement of the performance measures during the performance period. The options will remain exercisable until the earlier of one year after termination or the original expiration date.

Voluntary Resignation – If a recipient resigns voluntarily from the Company, he or she will forfeit any unvested options, restricted stock units and PSUs, and will have 30 days to exercise any then-vested options.

Retirement – With respect to equity awards granted prior to February 2019, non-vested awards are generally forfeited upon any retirement. Equity awards granted in or after February 2019 generally provide that an award recipient is retirement eligible if he or she is age 55 years or older, has at least 10 years of service to Resideo and also has provided Resideo with at least 6 months' prior notice that he or she is considering retirement. If an NEO is retirement eligible, his or her employment with Resideo ends as a result of retirement and he or she accepts certain post-employment conditions, the RSU awards and options granted in or after February 2019 will continue to vest in accordance with the original vesting schedule (and options shall remain exercisable until the earlier of their original expiration date and three (3) years after retirement) and the PSU awards granted in or after February 2019 will vest on a pro-rata basis, based on actual performance as measured at the end of the performance period.

Pension and Non-Qualified Deferred Compensation

Pension and non-qualified deferred compensation benefits, which are described elsewhere in this Proxy Statement, are not included in the table below in accordance with the applicable proxy statement disclosure requirements, even though they may become payable at the times specified in the table. If an officer who participates in the RSSP terminates employment with Resideo, the balance of that executive's SSP or DIP account will be paid to the executive in June of the year following his or her termination. Similarly, if an officer who is a participant in the RPP or the SPP described above terminates employment, the executive's balance in the pension plan will be paid to the executive one hundred and five days after his or her termination date.

The following table summarizes estimated payments and benefits to which our NEOs would be entitled upon the hypothetical occurrence of various termination scenarios or a CIC. The information in the table below is based on the assumption, in each case, that the termination of employment occurred on December 31, 2021. None of these termination benefits are payable to NEOs who voluntarily resign (other than voluntary resignations for good reason as specified or certain qualifying retirements) or whose employment is terminated by us for cause.

Payments and Benefits	Named Executive Officer	Termination by the Company Without Cause ($)[1]	Death ($)	Disability ($)	Change-in-Control– No Termination of Employment ($)	Change-in-Control– Termination of Employment by Company, Without Cause, by NEO for Good Reason or Due to Disability ($)
Cash Severance (Base Salary)	**Jay Geldmacher**	2,000,000	—	—	—	2,000,000
	Robert Aarnes	862,500	—	—	—	1,150,000
	Anthony Trunzo	915,000	—	—	—	1,220,000
	Phillip Theodore	825,000	—	—	—	1,100,000
	Travis Merrill	675,000	—	—	—	900,000
Annual Incentive Compensation[2]– Year of Termination	**Jay Geldmacher**	—	—	—	—	3,000,000
	Anthony Trunzo	—	—	—	—	1,220,000
	Phillip Theodore	—	—	—	—	1,100,000
	Robert Aarnes	—	—	—	—	1,150,000
	Travis Merrill	—	—	—	—	900,000
Outstanding Equity Awards[3][4]	**Jay Geldmacher**	—	16,268,717	16,268,717	—	16,268,717
	Anthony Trunzo	—	13,715,294	13,715,294	—	13,715,294
	Phillip Theodore	—	4,835,192	4,835,192	—	4,835,192
	Robert Aarnes	—	10,326,233	10,326,233	—	4,835,192
	Travis Merrill	—	1,246,264	1,246,264	—	1,246,264
Benefits[5]	**Jay Geldmacher**	11,198	—	—	—	11,198
	Anthony Trunzo	16,271	—	—	—	21,694
	Phillip Theodore	14,086	—	—	—	18,781
	Robert Aarnes	16,232	—	—	—	21,642
	Travis Merrill	18,784	—	—	—	25,046
Total	**Jay Geldmacher**	2,011,198	16,268,717	16,268,717	—	21,279,915
	Anthony Trunzo	931,271	13,715,294	13,715,294	—	16,176,989
	Phillip Theodore	839,086	4,835,192	4,835,192	—	7,053,973
	Robert Aarnes	878,732	10,326,233	10,326,233	—	12,647,876
	Travis Merrill	693,784	1,246,264	1,246,264	—	2,891,310

The amounts reflected in the first column related to involuntary termination unrelated to a CIC, as well as the final two columns specific to circumstances following a CIC are based on the provisions of the Severance Plan, and the provisions of the 2018 Stock Incentive Plan.

(1) Pursuant to their offer letters, Mr. Geldmacher and Mr. Trunzo are also entitled to receive the same severance benefits set forth here for termination by the Company without cause if they terminate their employment for good reason as defined in their offer letters. See “Compensatory Arrangements with NEOs” above for additional information.

(2) Severance amounts in the event of involuntary termination not related to CIC represent a cash payment equal to 24 months of annual base salary for Mr. Geldmacher and 18 months of annual base salary for the other NEOs. Severance amounts related to an involuntary termination or termination for good reason related to a CIC represent a cash payment equal to 24 months of annual base salary as well as two times the NEO’s target annual incentive compensation.

(3) In addition to the amounts reflected in the final column, if an NEO is terminated without cause in situations following a CIC, the executive will also be entitled to a pro-rated Annual Incentive Award for the period of employment during the year of termination.

(4) Amounts represent the intrinsic value of RSUs, and PSUs as of December 31, 2021 for which the vesting would be accelerated. RSUs will be vested in full upon a termination due to death, disability or an involuntary termination or termination for good reason within 24 months of a CIC. With respect to RSU grants issued after December 31, 2018 only, a pro rata portion of the award would accelerate upon an involuntary termination not related to a CIC. With respect to the PSUs, upon termination due to death, disability or involuntary termination not related to a CIC, a pro rata portion of the PSUs are eligible to vest at actual performance levels at the end of the performance period. In the case of an involuntary termination or termination for good reason within 24 months of a CIC, a pro rata portion of the PSUs will vest at target or at the level of substantially achieved performance, as determined by the Committee prior to the CIC. The value included for RSUs and PSUs is the product of the number of units for which vesting would be accelerated and $26.03, the closing price of Resideo common stock on December 31, 2021.

(5) The amounts reflected represent the Company’s cost for continuation of benefits, such as medical, dental, vision and life insurance, for the Salary Continuation Period as defined under the Severance Plan.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of the individual identified as our median paid employee and the annual total compensation of Mr. Jay Geldmacher, our President and Chief Executive Officer (the CEO).

For 2021, our last completed fiscal year:

- the annual total compensation of our median employee was $36,061; and
- the annual total compensation of our CEO as reported in the Summary Compensation Table of this proxy statement on page 48 was $14,103,270.

Based on this information, for 2021, the ratio of the annual total annualized compensation of Mr. Geldmacher, our CEO, to the annual total compensation of the median employee was estimated to be 391 to 1. This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described below.

To identify our median employee for 2021, we considered our global population as of October 1, 2021 (the “Measurement Date”). As of the Measurement Date, our total global employee population (excluding our CEO) consisted of approximately 13,388 individuals.

Total U.S. Employees	3,242	
Total Non-U.S. Employees	10,146	(no exemptions utilized)
Total Global Workforce	13,388	

To identify the “median employee” from our total global employee population (excluding our CEO), we aggregated annual total base salary and actual incentive awards paid during 2021, including bonuses and commissions. We also annualized the compensation of all newly hired permanent employees who were employed on the measurement date, for the 12-month period ending December 31, 2021, as permitted under SEC rules. All non-U.S. pay components were converted to U.S. dollars using the same currency exchange rates in effect in our financial records at October 1, 2021.

Once we identified the median employee, we determined the median employee's total compensation by applying the same rules required to report NEO compensation on the Summary Compensation Table.

The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

Equity Compensation Plan Information

As of December 31, 2021, information about equity compensation plans is as follows:

Plan Category	Number of Shares to be Issued Upon Exercises of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	6,140,661(1)	18.27	9,325,720(2)
Equity compensation Plans not approved by security holders	—	—	—
Total	6,140,661	18.27	9,325,720

Equity compensation plans approved by shareholders in the table above include the 2018 Stock Incentive Plan for Resideo Technologies, Inc. and its Affiliates as well as the 2018 Stock Plan For Non-Employee Directors of Resideo Technologies, Inc., the Resideo Employee Stock Purchase Plan, and the Resideo Technologies UK ShareBuilder Plan.

(1) Includes 1,345,968 shares underlying stock options, 3,477,133 shares underlying RSUs and 1,317,560 shares underlying PSUs (assuming target).

(2) Includes 5,674,962 shares available for future issuance under the Resideo Technologies, Inc. 2018 Stock Incentive Plan, 2,779,570 shares available for future issuance under the Resideo Technologies, Inc. Employee Stock Purchase Plan, 682,582 shares available for future issuance under the 2018 Stock Plan for Non-Employee Directors of Resideo Technologies, Inc., and 188,606 shares available for future issuance under the Resideo Technologies UK ShareBuilder Plan.

Proposal 3: Ratification of the Appointment of Independent Registered Public Accounting Firm

Under its written charter, the Audit Committee of the Board has sole authority and is directly responsible for the appointment, compensation, retention, oversight, evaluation and termination of the independent registered public accounting firm retained to audit the Company's financial statements.

The Audit Committee evaluated the qualifications, performance and independence of the Company's independent auditors and based on its evaluation, has appointed Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm for 2022. Deloitte served as the independent auditor of Resideo during 2021. The Audit Committee and the Board believe that the retention of Deloitte to serve as the Company's independent registered public accounting firm is in the best interests of the Company and its shareholders.

The Audit Committee is responsible for the approval of the engagement fees and terms associated with the retention of Deloitte. In addition to assuring the regular rotation of the lead audit partner as required by law, the Audit Committee will be involved in the selection and evaluation of the lead audit partner and considers whether, in order to assure continuing auditor independence, there should be a regular rotation of the independent registered public accounting firm.

Although the By-Laws do not require that we seek shareholder ratification of the appointment of Deloitte as our independent registered public accounting firm, we are doing so as a matter of good corporate governance. If the shareholders do not ratify the appointment, the Audit Committee will reconsider whether to retain Deloitte.

Representatives of Deloitte are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions by shareholders.

The Board of Directors unanimously recommends a vote "FOR" Proposal 3, to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2022.

Report of the Audit Committee

The Audit Committee consists of the three directors named below. Each member of the Audit Committee is an independent director as defined by applicable SEC and NYSE listing standards. In addition, the Board has determined that Mr. Lazar and Mr. Deninger are "audit committee financial experts" as defined by applicable SEC rules and satisfy the "accounting or related financial management expertise" criteria established by the NYSE.

In accordance with its written charter, the Audit Committee of the Board is responsible for assisting the Board to fulfill its oversight of:

- the integrity of the Company's financial statements and internal controls;
- the Company's compliance with legal and regulatory requirements;
- the independent auditors' qualifications and independence; and
- the performance of the Company's internal audit function and independent auditors.

It is the responsibility of Resideo's management to prepare the Company's financial statements and to develop and maintain adequate systems of internal accounting and financial controls. The Company's internal auditors are responsible for conducting internal audits intended to evaluate the adequacy and effectiveness of the Company's financial and operating internal control systems.

Deloitte, the Company's independent registered public accounting firm for 2022 (the "independent auditor"), is responsible for performing an independent audit of the Company's consolidated financial statements, issuing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States of America ("GAAP"), and evaluating the Company's assessment of internal controls over financial reporting. The independent auditor also reviews the Company's interim financial statements in accordance with applicable auditing standards.

In evaluating the independence of Deloitte, the Audit Committee has (i) received the written disclosures and the letter from Deloitte required by applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") regarding the audit firm's communications with the Audit Committee concerning independence, (ii) discussed with Deloitte the firm's independence from the Company and management and (iii) considered whether Deloitte's provision of non-audit services to the Company is compatible with the auditors' independence. In addition, the Audit Committee assures that the lead audit partner is rotated at least every five years in accordance with SEC and PCAOB requirements, and considered whether there should be a regular rotation of the audit firm itself in order to assure the continuing independence of the outside auditors. The Audit Committee has concluded that Deloitte is independent from the Company and its management.

The Audit Committee has reviewed with the independent auditor and the Company's internal auditors the overall scope and specific plans for their respective audits, and the Audit Committee is monitoring the progress of both in assessing the Company's preparedness for future compliance with Section 404 of the Sarbanes-Oxley Act.

At every regular meeting, the Audit Committee meets separately, and without management present, with the independent auditor and the Company's Director, Internal Audit to review the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's accounting and financial reporting. The Audit Committee also meets separately at its regular meetings with the Chief Financial Officer.

The Audit Committee has met and discussed with management and the independent auditor the fair and complete presentation of the Company's financial statements. The Audit Committee has also discussed and reviewed with the independent auditor all matters required to be discussed by applicable requirements of the PCAOB and the SEC. The Audit Committee has discussed significant accounting policies applied in the financial statements, as well as any alternative treatments. Management has represented that the consolidated financial statements have been prepared in accordance with GAAP, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with both management and the independent auditor.

Relying on the foregoing reviews and discussions, the Audit Committee recommended to the Board, and the Board approved, inclusion of the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, for filing with the SEC. In addition, the Audit Committee has approved, subject to shareholder ratification, the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2022.

The Audit Committee
Jack Lazar (Chair)
Paul Deninger
Brian Kushner

Audit Committee Pre-Approval Policy

The Audit Committee has adopted policies and procedures for pre-approval of audit, audit-related, tax and other services, and for pre-approval of related fee estimates or fee arrangements. These procedures require that the terms and fees for the annual audit service engagement be approved by the Audit Committee. The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such services does not impair the auditor's independence. Unless a type of service to be provided by the independent auditor has received general pre-approval under this policy, it will require specific pre-approval by the Audit Committee before the service is provided. In the event the invoice in respect of any covered service that is the subject of general pre-approval is materially in excess of the estimated amount or range, the Audit Committee must approve such excess amount prior to payment of the invoice. Predictable and recurring covered services and their related fee estimates or fee arrangements may be considered for general pre-approval by the full Audit Committee on an annual basis at or about the start of each fiscal year. Specific pre-approval of such services that have not received general pre-approval may be given or effective up to one year prior to commencement of the services. Under the policy, the Audit Committee has delegated to the Chair the authority to pre-approve audit-related and non-audit services and associated fees, that are not otherwise prohibited by law, to be performed by the Company's independent registered public accounting firm in an amount of up to $100,000 for any one service; the Chair is required to report any pre-approval decisions to the Audit Committee at its next scheduled meeting. All services set forth in the following table below were approved by the Audit Committee before being rendered.

Audit and Non-Audit Fees

The following table shows fees for professional services rendered by Deloitte for the years ended December 31, 2021 and 2020.

	2021 ($)	2020 ($)	Description of Services
Audit Fees	5,197,908	5,006,000	Fees pertaining to the audit of the Company's annual consolidated financial statements, audits of statutory financial statements of our subsidiaries and fees pertaining to the review of SEC filings.
Audit-Related Fees	0	0	
Tax Fees	0	0	
All Other Fees	1,895	1,895	
Total	**5,199,803**	**5,007,895**	

Proposal 4:
Shareholder Proposal to Reduce Ownership Threshold for Shareholders to Call a Special Meeting

John Chevedden, whose address is 2215 Nelson Ave., No. 205, Redondo Beach, CA 90278, has requested that the following proposal be included in this Proxy Statement and has indicated that he intends to present such proposal at the annual meeting. Mr. Chevedden has submitted documentation indicating that he is the beneficial owner of at least $2,000 in value of our common stock and has advised the Company that he intends to continue to hold the requisite amount of shares through the date of the 2022 annual meeting. Mr. Chevedden's proposal and his related supporting statement are followed by a recommendation from the Board. The Board disclaims any responsibility for the content of the proposal and the statement in support of the proposal, which are presented in the form received from the shareholder.

Proposal 4: Special Shareholder Meeting Improvement

Shareholders ask our board to take the steps necessary to amend the appropriate company governing documents to give the owners of a combined 10% of our outstanding common stock the power to call a special shareholder meeting.

Although now it theoretically takes 25% of all shares to call for a special shareholder meeting, this translates into 30% of the Resideo Technologies shares that typically vote at the annual meeting. It would be hopeless to think that the shares that do not have time to vote at the annual meeting would have the time to take the special procedural steps to call for a special shareholder meeting.

Plus the 30% of shares that vote at the annual meeting could determine that they own 35% of shares when their shares not held long are included. Shares that are not held long are 100% excluded from formal participation in the call for a special shareholder meeting even though shareholders have an ownership stake in those shares.

It is important to vote for this Special Shareholder Meeting Improvement proposal because we have no right to act by written consent.

Many companies provide for both a shareholder right to call a special meeting and a shareholder right to act by written consent. Southwest Airlines and Target are companies that do not provide for shareholder written consent and yet provide for 10% of shares to call for a special shareholder meeting.

Plus REZI shareholders gave 37% support to the 2021 shareholder proposal calling for a shareholder right to act by written consent. This 37% support may have represented over 40% support from the shares that have access to independent proxy voting advice and are not forced to rely too much on biased management voting recommendations.

Shareholder also need a more reasonable stock ownership to call a special meeting to make up for the use of online shareholder meetings that give management more control. At the vast majority of 2021 online shareholder meetings management dictated that absolutely no shareholder could speak.

It is also more important to have a more reasonable right to call for a special shareholder at a company like Resideo Technologies, where the Chairman received up to 15-times as many negative votes as other directors at our 2021 annual meeting. And management pay was rejected by 14% of shares when a 5% rejection is the norm.

To help make up for our lack of a right to act by written consent we need the right of a reasonable 10% of shares to call for a special shareholder meeting.

Please vote yes:
Special Shareholder Meeting Improvement – Proposal 4

Statement of the Board of Directors in Opposition to Proposal 4

Our Board has carefully considered this proposal and, for the reasons set forth below, does not believe it is in the best interests of the Company and our shareholders:

- We already provide a meaningful and balanced right for shareholders to call a special meeting and an appropriate threshold for special meetings is already in place.
- Special meetings require substantial expenses and resources that should only be called upon in extraordinary circumstances.
- We have in place strong corporate governance practices that protect shareholder rights.

We believe that the existing right for our shareholders to call a special meeting has an appropriate threshold and strikes an appropriate balance of interests.

Our Board recognizes the importance of giving shareholders a meaningful right to call special meetings in appropriate circumstances. Our Board believes that special meetings should be permitted where a reasonable number of shareholders owning a sufficient percentage of our outstanding stock believe that a matter is so sufficiently urgent or extraordinary that it must be addressed before the next annual meeting. Our Board also believes, however, that if an ownership threshold is too low, it would permit a small group of shareholders who have no duty to act in the best interests of the Company or the other shareholders to use the extraordinary measure of a special meeting to serve a potentially narrow self-interest. Therefore, there must be a proper balance between empowering shareholders to appropriately call a special meeting and protecting against the risk that shareholders with special interests could call special meetings on frivolous grounds or to advance narrowly supported interests not generally in the best interests of all other shareholders.

In 2021, our Board amended the Company's By-Laws to provide that shareholders holding at least 25% of the outstanding stock of the Company may call a special meeting. In selecting this 25% ownership threshold, our Board considered statistical research among our peers and the S&P 500 and determined that the 25% threshold was consistent with the thresholds at many other companies, thus reflecting current market practices.

Special meetings require substantial expenses and resources.

Special meetings require considerable time, effort and resources, including significant costs in legal and administrative fees, as well as costs for preparing, printing and distributing materials and soliciting proxies and should occur only in extraordinary circumstances, such as when fiduciary or strategic considerations require that the matter be addressed on an expeditious basis. For this reason, our Board believes that the expenditure of corporate funds and resources associated with a special meeting should only be incurred when shareholders meet an appropriate, meaningful threshold of ownership interest in the Company, which is why the Board amended our By-Laws to require a group of shareholders owning at least 25% to call a special meeting.

Our Board believes that maintaining the 25% ownership threshold preserves a reasonable and appropriate balance between providing shareholders with the right to appropriately call a special meeting while protecting against unnecessary waste of corporate resources and disruption associated with convening a special meeting. The stockholder proposal cites Target and Southwest Airlines as examples of two companies that provide 10% of shares to call for a special stockholder meeting; however, we note that, unlike Resideo, both of those companies are incorporated in states where the 10% threshold is mandated or the default under the applicable state corporate law.

The Company has in place strong corporate governance practices that protect shareholder rights.

Our Board is committed to good corporate governance and regularly reviews our practices, corporate governance developments and shareholder feedback to ensure continued effectiveness. We believe that our strong corporate governance practices make adoption of this proposal unnecessary. Our corporate governance practices not only provide the appropriate means to advance shareholder interests without the potential risk of abuse that would come with lowering the threshold to call a special meeting, but also provide transparency and accountability of the Board to all our shareholders and demonstrate that we are responsive to shareholder concerns. For example, our corporate governance practices include:

- **Annual Election of Directors**. Starting at the 2022 annual meeting, each director nominee is elected to hold office for a one-year term expiring at the next annual meeting of shareholders.

- **Independent Board and Committee Leadership**. In addition to our non-employee Chairman of the Board, we have an Independent Lead Director and each of our key Board committees is chaired by, and composed solely of, independent directors.
- **Annual Say-on-Pay Vote**. We provide our shareholders an annual advisory vote on executive compensation.
- **Communication with the Board**. We encourage open communication from shareholders and provide a means for shareholders to effectively communicate with, and raise concerns to, our Board and the Company's management beyond the limited forum of a special meeting.
- **Majority Vote Standard**. Our By-Laws provide for the election of directors by a majority of votes cast in uncontested elections.
- **Proxy Access**. Our By-Laws provide for proxy access, which permits a shareholder, or a group of up to 20 shareholders, owning 3% or more of our outstanding shares of common stock continuously for at least three years to nominate and include in our proxy materials nominees for director constituting up to 20% of the Board or two directors, whichever is greater, subject to the requirements set forth in our By-Laws.

In summary, our Board believes that adoption of this shareholder proposal is unnecessary and not in the best interests of the Company or our shareholders given the current 25% threshold for the right of shareholders to call a special meeting, which reflects the corporate governance framework that best balances the rights and interests of all our shareholders.

For the reasons stated above, our Board of Directors unanimously recommends a vote "AGAINST" this Shareholder Proposal

Questions and Answers About the Annual Meeting and Voting

1. **Who is entitled to vote and how many votes do I have?**

   If you were a holder of record of Resideo common stock at the close of business on the record date, April 11, 2022, you are eligible to vote at the annual meeting. For each matter presented for vote, you have one vote for each share you own.

2. **What is the difference between holding shares as a shareholder of record, a registered shareholder and a beneficial owner of shares?**

   Shareholder of Record or Registered Shareholder. If your shares of common stock are registered directly in your name with our transfer agent, Broadridge Corporate Issuer Solutions, you are considered a "shareholder of record" or a "registered shareholder" of those shares.

   Beneficial Owner of Shares. If your shares are held in an account at a bank, brokerage firm or other similar organization, then you are a beneficial owner of shares held in "street name." In that case, you will have received these proxy materials from the bank, brokerage firm or other similar organization holding your account and, as a beneficial owner, you have the right to direct your bank, brokerage firm or similar organization as to how to vote the shares held in your account.

3. **How do I vote if I am a shareholder of record?**

   By Internet. You may vote your shares by internet at www.proxyvote.com.

   By Telephone. All shareholders of record can vote by touchtone telephone within the U.S., U.S. territories and Canada by calling 1-800-690-6903. The telephone voting procedures are designed to authenticate shareholders' identities, to allow shareholders to vote their shares and to confirm that their instructions have been recorded properly.

   By Written Proxy. All shareholders of record can also vote by written proxy card. If you are a shareholder of record and receive a Notice of Internet Availability of Proxy Materials ("Notice") received or requested from us, you may request a written proxy card by following the instructions included in the Notice. If you sign and return your proxy card but do not mark any selections giving specific voting instructions, your shares represented by that proxy will be voted as recommended by the Board.

   Via the Virtual Meeting Website. You may vote your shares live at the virtual annual meeting. Even if you plan to attend and participate in our virtual annual meeting via www.virtualshareholdermeeting.com/REZI2022, we encourage you to vote by internet at www.proxyvote.com or by calling 1-800-690-6903, or by returning a proxy card. This will ensure that your vote will be counted if you are unable to, or later decide not to, participate in the virtual annual meeting. Whether you are a shareholder of record or hold your shares in street name, you may vote online at the virtual annual meeting. You will need to enter the 16-digit control number provided in your proxy materials to vote your shares at the virtual annual meeting. See Question 5 for further details on accessing and voting at the virtual annual meeting.

   Unless you vote live at the virtual annual meeting, we must receive your vote by 11:59 p.m., Eastern Daylight Time, on June 7, 2022, the day before the virtual annual meeting, for your vote by proxy to be counted.

   Whether or not you plan to attend the virtual annual meeting, we encourage you to vote by proxy as soon as possible. Your shares will be voted in accordance with your instructions.

4. **How do I vote if I am a beneficial owner of shares?**

   As a beneficial owner, you have the right to direct your broker, bank or other similar organization on how to vote via the internet or by telephone if the broker, bank or other similar organization offers these options or by signing and returning a voting instruction form. Your broker, bank or other similar organization will send you instructions for voting your shares.

Your broker is not permitted to vote on your behalf on “non-routine” matters unless you provide specific instructions by completing and returning the voting instruction form from your broker, bank or other similar organization or by following the instructions provided to you for voting your shares via telephone or the internet. A “broker non-vote” occurs when a broker submits a proxy for the meeting with respect to a “routine” matter but does not have the authority to vote on non-routine matters because the beneficial owner did not provide voting instructions on those matters. Under NYSE rules, the proposal to ratify the appointment of independent auditors (Proposal 3) is considered a routine item. This means that brokerage firms may vote in their discretion on behalf of clients (beneficial owners) who have not furnished voting instructions at least 15 days before the date of the annual meeting. In contrast, all of the other proposals set forth in this Proxy Statement are “non-routine” items. Brokerage firms that have not received voting instructions from their clients on these matters may not vote on these proposals.

5. How do I attend the virtual annual meeting?

The annual meeting will be completely virtual, and shareholders will be able to access the meeting live by visiting www.virtualshareholdermeeting.com/REZI2022. We are utilizing the virtual meeting format to enhance shareholder access and encourage participation and communication with our management.

We believe a virtual-only meeting provides expanded access, improved communication and cost savings for our shareholders. A virtual meeting will enable increased attendance because shareholders around the world will be able to attend and listen to the annual meeting live, submit questions and vote their shares electronically, at no cost.

Participating in the Virtual Annual Meeting.

- Instructions on how to attend the virtual annual meeting are posted at www.virtualshareholdermeeting.com/REZI2022.
- Shareholders will need to use the 16-digit control number provided in their proxy materials to attend the virtual annual meeting and listen live at www.virtualshareholdermeeting.com/REZI2022.
- Shareholders of record and beneficial owners as of the record date may vote their shares electronically live during the virtual annual meeting.
- Shareholders with questions regarding how to attend and participate in the virtual meeting may call 800-586-1548 (U.S.) or 303-562-9288 (International) on the date of the annual meeting.
- Shareholders encountering any difficulties accessing the virtual meeting during the check-in or meeting time can call 800-586-1548 (U.S.) or 303-562-9288 (International).

Additional Information about the Virtual Annual Meeting.

- Shareholders may submit questions during the live meeting at www.virtualshareholdermeeting.com/REZI2022 or in advance of the meeting at www.proxyvote.com.
- Management will answer questions on any matters on the agenda before voting is closed.
- During the live Q&A session of the meeting, management will answer questions as they come in and address those asked in advance, as time permits.
- In order to allow us to answer questions from as many shareholders as possible, we limit each shareholder to one question.
- If there are matters of individual concern to a shareholder and not of general concern to all shareholders, or if a question posed was not otherwise answered, shareholders can contact Investor Relations after the meeting at InvestorRelations@resideo.com.
- The Q&A session will be posted to our Investor Relations website investor.resideo.com as soon as practicable following the conclusion of the virtual annual meeting.
- Although the live virtual meeting is available only to shareholders at the time of the meeting, a replay of the meeting will be made publicly available on our Investor Relations website investor.resideo.com after the meeting concludes.

6. **What constitutes a "quorum" for the meeting?**

A quorum is a majority of the outstanding shares that are entitled to vote as of the record date present at the meeting or represented by proxy. A quorum is necessary to conduct business at the annual meeting. Your shares will be counted as present at the annual meeting if you have properly voted by proxy. Abstentions and broker non-votes count as present at the meeting for purposes of determining a quorum. If you vote to abstain on one or more proposals, your shares will be counted as present for purposes of determining the presence of a quorum.

7. **What is the voting requirement to approve each of the proposals, and how are votes counted?**

At the close of business on April 11, 2022, the record date for the meeting, Resideo had 145,376,739 outstanding shares of common stock. Each share of common stock outstanding on the record date is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

Resideo is incorporated in the State of Delaware. As a result, the Delaware General Corporation Law (the "DGCL") and the NYSE listing standards govern the voting standards applicable to actions taken by our shareholders. Under our By-Laws, when a quorum is present, in all matters other than the election of directors and frequency of future advisory votes approving the compensation of our NEOs, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the Company's shareholders. Under the DGCL and our By-Laws, shares that abstain constitute shares that are present and entitled to vote. Shares abstaining have the practical effect of being voted "against" the matter, other than in the election of directors.

With respect to the election of directors, Proposal 1, in order to be elected, each nominee must receive the affirmative vote of a majority of the votes cast at the meeting in respect of his or her election. Broker non-votes and abstentions will have no impact, as they are not counted as votes cast for this purpose.

A description of the voting requirements and related effect of abstentions and broker non-votes on each item for shareholder proposal is as follows:

	VOTING OPTIONS	BOARD RECOMMENDATION	VOTE REQUIRED TO ADOPT THE PROPOSAL	EFFECT OF ABSTENTIONS AND BROKER NON-VOTES
Proposal 1—Election of Directors	For, Against or Abstain on each nominee	FOR each nominee	Majority of votes cast for such nominee	None.
Proposal 2—Advisory Vote to Approve Executive Compensation	For, Against or Abstain	FOR	Majority of shares represented at the annual meeting and entitled to vote	Abstentions are treated as votes against. Broker non-votes have no effect.
Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm	For, Against or Abstain	FOR	Majority of shares represented at the annual meeting and entitled to vote	Abstentions are treated as votes against. Brokers have discretion to vote on this item.
Proposal 4—Shareholder Proposal to Reduce Ownership Threshold for Shareholders to Call a Special Meeting	For, Against or Abstain	AGAINST	Majority of shares represented at the annual meeting and entitled to vote	Abstentions are treated as votes against. Broker non-votes have no effect.

8. Can I change my vote?

There are several ways in which you may revoke your proxy or change your voting instructions before the time of voting at the meeting (please note that, in order to be counted, the revocation or change must be received by 11:59 p.m. EDT on June 7, 2022):

- Vote again by telephone or at www.proxyvote.com;
- Transmit a revised proxy card or voting instruction form that is dated later than the prior one;
- Shareholders of record and beneficial owners may vote electronically at the virtual annual meeting; or
- Shareholders of record may notify Resideo's Corporate Secretary in writing that a prior proxy is revoked.

The latest-dated, timely, properly completed proxy that you submit, whether by mail, telephone or the internet, will count as your vote. If a vote has been recorded for your shares and you subsequently submit a proxy card that is not properly signed and dated, then the previously recorded vote will stand.

9. Is my vote confidential?

Yes. Proxy cards, ballots and voting tabulations that identify shareholders are kept confidential except:

- As necessary to meet applicable legal requirements and to assert or defend claims for or against the Company;

- In the case of a contested proxy solicitation;
- If a shareholder makes a written comment on the proxy card or otherwise communicates his or her vote to management; or
- To allow the independent judge of election to certify the results of the vote.

Broadridge, the independent proxy tabulator used by Resideo, counts the votes and acts as the inspector of elections for the meeting.

10. How will the voting results be disclosed?

We will announce preliminary voting results at the virtual annual meeting and publish them on our website www.resideo.com. Voting results will also be disclosed on a Form 8-K filed with the SEC within four business days after the annual meeting, which will be available on our website.

11. What does it mean if I receive more than one Notice?

If you are a shareholder of record, you will receive one Notice (or if you are an employee with a Resideo email address, an email proxy form) for all shares of common stock held in or credited to your accounts as of the record date, if the account names are exactly the same. If your shares are registered differently and are in more than one account, you will receive more than one Notice or email proxy form, and in that case, you can and are urged to vote all of your shares, which will require you to vote more than once.

12. What is "householding"?

Shareholders of record who have the same last name and address and who request paper copies of the proxy materials will receive only one copy unless one or more of them notifies us that they wish to receive individual copies. This method of delivery, known as "householding," will help ensure that shareholder households do not receive multiple copies of the same document, helping to reduce our printing and postage costs, as well as saving natural resources.

We will deliver promptly upon written or oral request a separate copy of the 2021 Annual Report and Proxy Statement or Notice of Internet Availability of Proxy Materials, as applicable, to a security holder at a shared address to which a single copy of the document was delivered. Please go to www.proxyvote.com to request a copy.

Shareholders of record may request to begin or to discontinue householding in the future by contacting Broadridge, either by calling (866) 540-7095, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Shareholders owning their shares through a bank, brokerage firm or other similar organization may request to begin or to discontinue householding by contacting their bank, brokerage firm or other similar organization.

13. Who pays for the solicitation of proxies?

Resideo is making this solicitation and will pay the cost of soliciting proxies. Proxies will be solicited on behalf of the Board of Directors by mail, telephone other electronic means. We have retained Innisfree M&A Inc., 501 Madison Avenue, New York, NY 10022, to assist with the solicitation for an estimated fee of $10,000, plus expenses. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to shareholders and obtaining their votes. Our employees may also solicit proxies for no additional compensation.

14. How do I comment on Company business?

You will have the opportunity to comment when you vote using the internet or you may write any comments on the proxy card if you vote by mailing a proxy card. You may also send your comments to us at Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Investor Relations. Although it is not possible to respond to each shareholder, your comments are appreciated and help us to understand your concerns.

15. **When are the 2023 shareholder proposals due?**

To be considered for inclusion in the Company's 2023 Proxy Statement, shareholder proposals submitted in accordance with SEC Rule 14a-8 must be received in writing at our principal executive offices no later than December 27 2022. Address all shareholder proposals to Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Corporate Secretary. For any proposal that is not submitted for inclusion in next year's Proxy Statement, but is instead sought to be presented directly at the 2023 annual meeting, notice of intention to present the proposal, including all information required to be provided by the shareholder in accordance with the Company's By-Laws, must be received in writing at our principal executive offices by March 10, 2023, and no earlier than February 8, 2023. Address all notices of intention to present proposals at the 2023 annual meeting to Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Corporate Secretary. For information on nominating directors for the 2022 annual meeting, please see the information above under "Advance Notice Director Nominations" on page 24 and "Proxy Access Director Nominations" on page 25.

16. **How may I obtain a copy of Resideo's 2021 Annual Report on Form 10-K and proxy materials?**

If you would like to receive paper or e-mail copies of our 2021 Annual Report and the Proxy Statement, free of charge, you may request them by internet at www.proxyvote.com, by telephone at 1-800-579-1639 or by e-mail at sendmaterial@proxyvote.com. You will need your 16-digit control number provided in your proxy materials to request paper copies. Requests for materials relating to the 2022 annual meeting may be made by calling 1-800-579-1639, and must be made by May 26, 2022 to facilitate timely delivery. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, are available free of charge on our Investor Relations website at investor.resideo.com.

17. **How do I contact the Company or the Board of Directors?**

Our Investor Relations department is the primary point of contact for shareholder interaction with Resideo. Shareholders can contact our Investor Relations department by email at InvestorRelations@resideo.com, by phone at 512-726-3500, or by writing to Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Investor Relations.

Shareholders, as well as other interested parties, may communicate directly with the Lead Independent Director, the non-employee directors as a group, or individual directors by writing to Resideo Technologies, Inc., 16100 N 71st St., Suite 550, Scottsdale, AZ 85254, Attention: Corporate Secretary. Our Corporate Secretary reviews and promptly forwards communications to the directors as appropriate. Communication involving substantive accounting or auditing matters are forwarded to the Chair of the Audit Committee. Certain items that are unrelated to the duties and responsibilities of the Board will not be forwarded such as junk mail and mass mailings; product complaints and product inquiries; new product or technology suggestions; job inquiries and resumes; advertisements or solicitations; surveys; spam and overly hostile, threatening, potentially illegal or similarly unsuitable communications.

18. **Can other business in addition to the items listed on the agenda be transacted at the meeting?**

The Company knows of no other business to be presented for consideration at the meeting. If other matters are properly presented at the meeting, the persons designated as authorized proxies on your proxy card may vote on such matters at their discretion.

By Order of the Board of Directors,

Jeannine Lane
Executive Vice President, General Counsel and Corporate Secretary
April 26, 2022

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