

**IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

IN RE RESIDEO TECHNOLOGIES, INC.  
DERIVATIVE LITIGATION

Case No. 0:21-cv-01965 (WMW/ECW)  
Case No. 0:21-cv-02097 (WMW/ECW)

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF  
SHAREHOLDER DERIVATIVE ACTION**

**TO: ALL OWNERS OF THE COMMON STOCK OF RESIDEO TECHNOLOGIES, INC. (“RESIDEO” OR THE “COMPANY”) CURRENTLY AND AS OF FEBRUARY 13, 2023, EXCLUDING DEFENDANTS AND ANY ENTITY IN WHICH THEY HAVE A CONTROLLING INTEREST AND OFFICERS AND DIRECTORS OF THE COMPANY AND THEIR LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS, OR ASSIGNS (“CURRENT RESIDEO SHAREHOLDERS”):**

THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE LITIGATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A CURRENT RESIDEO SHAREHOLDER, THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY THESE LEGAL PROCEEDINGS. IF THE COURT APPROVES THE SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE RELEASED CLAIMS.

IF YOU HOLD RESIDEO COMMON STOCK FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.

PLEASE NOTE THAT THERE IS NO CLAIMS PROCESS, AND NO INDIVIDUAL STOCKHOLDER HAS THE RIGHT TO BE COMPENSATED AS A RESULT OF THE SETTLEMENT DESCRIBED BELOW. STOCKHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE.

**A federal court authorized this Notice. This is not a solicitation from a lawyer.**

**I. WHY THE COMPANY HAS ISSUED THIS NOTICE**

Notice is hereby provided to you of the proposed settlement (the “Settlement”) of this stockholder derivative litigation and certain related matters. This Notice is provided by Order of the United States District Court for the District of Minnesota (the “Court”). It is not an expression of any opinion by the Court with respect to the truth of the allegations in the litigation or the merits of the claims or defenses asserted by or against any party. It is solely to notify you of the terms of the proposed Settlement and your rights related thereto. The terms of the proposed Settlement are set forth in a written Stipulation of Settlement dated February 7, 2023 (“Stipulation”).<sup>1</sup> A link to the Stipulation may be found at [www.ResideoTechnologiesDerivativeSettlement.com](http://www.ResideoTechnologiesDerivativeSettlement.com).

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<sup>1</sup> Capitalized terms not otherwise defined shall have the same meanings as set forth in the Stipulation.

The settlement resolves the following matters: (1) the above-captioned consolidated shareholder derivative action brought on behalf and for the benefit of Resideo styled, *In re Resideo Technologies, Inc. Derivative Litigation*, Case Nos. 0:21-cv-01965, 0:21-cv-02097 (WMW/ECW) (D. Minn.) (the “Consolidated Action”); (2) a related shareholder derivative action pending in the Delaware Court of Chancery, entitled *Bud & Sue Frashier Family Trust v. Fradin et al.*, C.A. No. 2021-0556-PAF (Del. Ch.) (the “Delaware Chancery Action”); and (3) a pending litigation demand made by Resideo stockholder Alice Burstein (the “Derivative Demand”).<sup>2</sup> The parties in those matters have agreed upon terms to settle the matters and have signed the Stipulation setting forth those settlement terms.

A hearing will be held on June 7, 2023, at 11:00 a.m., before the Honorable Wilhelmina M. Wright, at the United States District Court for the District of Minnesota, Courtroom 7A, Warren E. Berger Federal Building and U.S. Courthouse, 316 N. Robert Street, St. Paul, Minnesota 55101 (the “Settlement Hearing”), at which the Court will (a) determine whether Plaintiffs and Plaintiffs’ Counsel have adequately represented the interests of Resideo and its stockholders; (b) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate, and in the best interests of Resideo and its stockholders; (c) determine whether the Notice fully satisfies the requirements of Rule 23.1 and due process; (d) determine whether a judgment substantially in the form attached as Exhibit D to the Stipulation should be entered dismissing the Action with prejudice against Defendants; (e) determine whether the motion by Plaintiffs’ Counsel for the Fee Award should be approved; (f) hear and determine any objections to the Settlement or the motion by Plaintiffs’ Counsel for the Fee Award; and (g) consider any other matters that may properly be brought before the Court in connection with the Settlement. You have an opportunity to be heard at this hearing.

## **II. RELEVANT BACKGROUND OF THE LITIGATION**

### **A. Summary of Plaintiffs’ Allegations**

Resideo is a Delaware corporation with its principal place of business located in Scottsdale, Arizona. The Company manufactures comfort, thermal, and security solutions and distributes those products and third-party products to the commercial and residential markets.

In October 2017, Honeywell International, Inc. (“Honeywell”) announced its intention to spin off several of its business segments into a standalone company (the “Spin-Off”). One of the newly formed entities resulting from the Spin-Off would be Resideo.

In October 2018, Honeywell and the newly created Resideo entered into certain agreements, including an indemnification agreement requiring Resideo to pay Honeywell 90% of the costs related to certain of Honeywell’s existing environmental liabilities, including environmental remediation in the amount up to \$140 million per year until 2043. Resideo also entered into a 40-year trademark agreement with Honeywell, was obligated to pay Honeywell royalties of 1.5% of the proceeds from the sale of products branded with the Honeywell Home trademark, and was required to make a one-time payment to Honeywell in the amount of \$1.2 billion.

Plaintiffs allege that the Spin-Off caused serious issues for Resideo, including difficulties in controlling costs; impairment to Resideo’s supply chains, which led to backorders, inventory shortages, and loss of customers; other issues created by the transition from being a business unit in the larger Honeywell entity to a stand-alone company post Spin-Off; and a reduction in leverage

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<sup>2</sup> All capitalized terms herein have the same meaning as set forth in the Stipulation.

available to Resideo to negotiate more favorable terms for raw materials and payments. In addition to cost control and leverage issues, Plaintiffs allege that Resideo faced problems with older technology, while the new technology the Company developed faced setbacks caused by technical problems and customer complaints. Plaintiffs further allege the Company had difficulty adequately remedying these issues due to a shortage of engineering expertise. Plaintiffs also allege that Resideo faced delays and difficulties implementing two business initiatives: (a) “Project GRIP,” a pipeline project that required the Company to design and develop a control panel combining various security systems into one system; and (b) Project STORM, a systems integration tool that would “integrate all dimensions of home wellness.”

Finally, Plaintiffs allege that the Individual Defendants caused the Company to issue false and misleading public statements regarding the Company’s products, business, governance, operations, and financial prospects. Plaintiffs allege that the Company’s executives failed to implement measures remedying the above issues and continued to make public statements reaffirming the Company’s ability to meet its reported financial guidance. Defendants vigorously dispute Plaintiffs’ allegations and deny that the claims have merit.

Plaintiffs allege that the truth about these issues began to emerge in 2019, and the Company’s value suffered a significant and sustained drop from that point forward. From the time of the Spin-Off on October 29, 2018, when the Company’s shares closed at \$25.82 per share, to November 12, 2019, when Plaintiffs allege the truth was fully revealed and the Company’s shares closed at \$8.77 per share, the Company’s stock price declined 66%, and the Company suffered a substantial loss in market capitalization. In addition, the Company (together with its former President/CEO, its CFO, and one of its Board members) was sued for violations of the federal securities laws in connection with the issuance of alleged false and misleading public statements. *In re Resideo Technologies, Inc. Securities Litigation*, Case No. 0:19-cv-02863 (D. Minn.) (the “Securities Class Action”).<sup>3</sup>

## **B. Procedural History**

On July 7, 2020, Plaintiff Ayaz, through its counsel The Brown Law Firm P.C. and The Rosen Law Firm, filed a shareholder derivative action (the “*Ayaz Action*”) against Defendants alleging breaches of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of Section 14(a) of the Securities Exchange Act of 1934 against Defendants in the United States District Court for the District of Delaware (the “District of Delaware”). On August 6, 2020, the District of Delaware entered an Order staying the *Ayaz Action* pending a final judgment in the Securities Class Action.

On August 12, 2020, Plaintiff Sanclemente, through its counsel Levi & Korsinsky LLP, filed a shareholder derivative action in the District of Delaware (the “*Sanclemente Action*”) alleging substantially the same facts and making substantially the same claims against Defendants as the *Ayaz Action*. On August 31, 2020, the District of Delaware entered an Order consolidating the *Ayaz Action* and the *Sanclemente Action*, captioned *In re Resideo Technologies, Inc. Derivative Litigation*, 1:20-CV-00915-LPS (the “Delaware Consolidated Action”), and staying the Delaware Consolidated Action pending the resolution of the Securities Class Action.

On June 25, 2021, Plaintiff Frashier, through its counsel Robbins LLP, filed the Delaware Chancery Action in the Delaware Court of Chancery (the “Delaware Chancery Court”), relying in part on documents produced in response to an inspection of book and records request brought pursuant to 8 Del. C. § 220, alleging substantially the same facts and making substantially the same

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<sup>3</sup> On March 24, 2022, the Court entered an order approving the settlement in the Securities Class Action, and entered final judgment.

claims against the Defendants as the Delaware Consolidated Action. The parties in the Delaware Chancery Action entered a series of stipulations extending the Defendants' deadline to respond to the complaint in the Delaware Chancery Action, and on June 1, 2022, the Delaware Chancery Court stayed the Delaware Chancery Action pursuant to stipulation of the parties.

On August 20, 2021, Stockholder Burstein, through her counsel Johnson Fistel LLP, submitted the Derivative Demand, a formal demand on Resideo's Board of Directors, relying in part on documents produced in response to an inspection of book and records request brought pursuant to 8 Del. C. § 220, to initiate litigation against Michael G. Nefkens, Joseph D. Ragan, Niccolo de Masi, and nominal defendant Resideo, alleging substantially the same facts and making substantially the same claims against Defendants as the Delaware Consolidated Action and the Delaware Chancery Action.

On September 1, 2021, Plaintiff Riviera Beach Police Pension Fund and Plaintiff City of Hialeah Employees Retirement System, through their counsel Saxena White P.A., Grant & Eisenhofer PA, along with additional counsel for Plaintiffs Farnan LLP, The Brown Law Firm, P.C., Levi & Korsinsky, LLP, and The Rosen Law Firm, P.A., filed a shareholder derivative action against Defendants in this Court, captioned *Riviera Beach Police Pension Fund, et al. v. Nefkens, et al.*, Case No. 21-1965, relying in part on documents produced in response to an inspection of book and records request brought pursuant to 8 Del. C. § 220, alleging substantially the same facts and making substantially the same claims against Defendants as the Delaware Consolidated Action, the Delaware Chancery Action, and the Derivative Demand (the "Institutional Action").

On September 21, 2021, Plaintiffs Ayaz and Sanclemente stipulated to transfer the Delaware Consolidated Action to this Court. On September 23, 2021, the Delaware Consolidated Action was transferred to this Court. On December 2, 2021, the Court entered the Parties' joint stipulation consolidating the Delaware Consolidated Action and the Institutional Action into the Consolidated Action, appointing Plaintiffs' leadership structure, and staying this Consolidated Action pending a final judgment in the Securities Class Action.

### **C. Settlement Negotiations**

In or around September 2021, the Settling Parties began discussions concerning possible resolution of the derivative litigation. In connection with those discussions, Plaintiffs' Counsel sent counsel for Resideo and the Individual Defendants settlement demands seeking to resolve the pending matters. Over the course of several months, the Settling Parties engaged in extensive, arm's-length negotiations in an effort to resolve the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand. In May of 2022, the Settling Parties reached an agreement in principle on the material terms of a settlement, consisting of significant corporate governance reforms to be implemented and maintained by Resideo.

After the material terms of the Settlement had been agreed to, the Settling Parties commenced negotiations regarding an appropriate amount of attorneys' fees to be paid to Plaintiffs' Counsel in light of the benefits of the Settlement caused by Plaintiffs' Counsel's efforts and the derivative litigation.

On June 30, 2022, the Parties in the Consolidated Action filed a joint status report, which informed the Court that the Parties had continued to make progress on settlement negotiations and that the Parties believed it would be constructive to the settlement process to hold a mediated settlement conference pursuant to Local Rule 16.5(b) to resolve the outstanding issue of Plaintiffs' Counsel's attorneys' fees. On July 8, 2022, the Court held a Status Conference during which the

Parties in the Consolidated Action jointly requested a mediated settlement conference with the Court to resolve the outstanding issue of attorneys' fees.

On September 26, 2022, the Parties in the Consolidated Action submitted to the Court confidential letters under seal setting forth their respective positions on the appropriate award of attorneys' fees. On October 3, 2022, the Parties (including counsel for Plaintiffs in the Consolidated Action and Delaware Chancery Action and Stockholder Burstein) attended a virtual Court-mediated settlement conference before Magistrate Judge Thorson, during which the Parties reached an agreement in principle concerning the remaining terms of the settlement.

On November 17, 2022, the Parties executed a binding term sheet setting forth the principal terms for a global settlement of the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand, and executed the Stipulation of Settlement on February 7, 2023.

### **III. PLAINTIFFS' CLAIMS AND THE BENEFITS OF THE SETTLEMENT; DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Plaintiffs commenced the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand in good faith and continue to believe that their derivative claims have legal merit, and the entry by the Plaintiffs into the Stipulation is not an admission as to a lack of any merit of any derivative claims asserted or that could be asserted in the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand.

Each of the Defendants has denied, and continues to deny, that he or she committed any breach of duty, breached any other law, or engaged in any of the wrongful acts alleged in the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand, expressly maintains that he or she diligently and scrupulously complied with his or her fiduciary and other legal duties, to the extent such duties exist, and further believes that the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand are without merit, and entered into the Stipulation and the Settlement solely to eliminate the burden, expense, and uncertainties inherent in further litigation.

The Parties wish to settle and resolve the claims asserted by Plaintiffs in the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand, and the Parties have, following arm's-length negotiations, reached an agreement in principle as set forth in the Stipulation, providing for the settlement of the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand on the terms and subject to the conditions set forth below. The Parties believe the Settlement is in the best interests of the Parties and Resideo.

### **IV. TERMS OF THE PROPOSED SETTLEMENT**

The principal terms, conditions, and other matters that are part of the Settlement, which is subject to approval by the Court, are summarized below. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation and its accompanying Exhibits, which have been filed with the Court and are available at [www.ResideoTechnologiesDerivativeSettlement.com](http://www.ResideoTechnologiesDerivativeSettlement.com).

As a result of the negotiations between and among the Parties, in consideration for the full settlement and release of the Released Claims, and upon Final Approval, Resideo will implement the Corporate Governance Reforms described below and reflected in Exhibit A to the Stipulation of

Settlement.<sup>4</sup> Defendants and Resideo acknowledge that Plaintiffs were a substantial cause of Resideo's adoption and maintenance of the Corporate Governance Reforms. The Corporate Governance Reforms shall remain in effect for a period of at least five (5) years.<sup>5</sup> Defendants acknowledge and agree that the Corporate Governance Reforms are significant and confer substantial benefits upon Resideo and its shareholders.

**A. Supply Chain Efficiency and Optimization Oversight:** The Company will enhance Board-level oversight of supply chain efficiency and optimization by making the following amendments to the Charters of the Audit Committee and Nominating and Governance Committee.

- I. Audit Committee: The responsibility to oversee certain enterprise risk management matters will be codified within the purview of the Audit Committee. Oversight of supply chain strategy, metrics and goals and product quality will be part of the Audit Committee's oversight function as it relates to enterprise risk management. To document such control, the following changes will be made to the charter for the Audit Committee. First, **Section 3** will be modified as follows. Add new **Section (xix):** *(xix) the evaluation of the Company's policies for risk management and assessment, including material litigation instituted against the Company and matters related to risks of the company's supply chain, manufacturing processes and product quality.* Second, **Section 4** will be modified as follows. Delete **Section 16** and replace with the following: *Evaluate with management and the independent auditors as appropriate, the Company's major financial risks and enterprise exposures, risk assessment and risk management policies, supply chain resiliency risks, product quality risk, risks related to cybersecurity and primary IT systems of record, and the steps management has taken to monitor and control such exposures.*
- II. Nominating and Governance Committee: The responsibility to oversee certain supply chain strategy, metrics and goals will be codified within the purview of the Nominating and Governance Committee as part of its Environmental, Social and Governance oversight function. To document such review, the following changes will be made to the charter for the Nominating and Governance Committee. First, add **subsection 7 of Section III** to read as follows: *(7) oversight (and coordination across committees, as needed) of matters related to the Company's supply chain processes.* Second, add an additional sentence to the end of **Section IV (8)** as follows: *Receive from management and review regular reports regarding supply chain strategies and plans, including, critical supply chain assessments. Coordinate with the Audit Committee as appropriate in properly assessing risk of the end-to-end supply chain.*
- III. Supply Chain and Optimization Report: The Company will formally require management to provide a report to the full Board of Directors on significant supply

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<sup>4</sup> Resideo will implement the Corporate Governance Reforms upon Final Approval, except that any Corporate Governance Reform relating to the composition of Resideo's Board of Directors will be implemented in the next election cycle following Final Approval.

<sup>5</sup> The Corporate Governance Reforms shall not be binding upon any successor or acquirer of Resideo in the event of a change in control or upon any divested business, and Resideo shall have no liability to the extent any of the Corporate Governance Reforms cannot be implemented or maintained due to duly authorized shareholder action, requirements of law, or insolvency of the Company.

chain issues and optimization, which shall be included in an annual strategy presentation, and which will include the following items: (1) critical supply chain criteria, including productivity goals and improvement; (2) manufacturing strategy goals; and (3) product quality metrics and goals.

**B. Continuous Improvement Budget:** The Company shall commit to allocate spending of at least \$300,000 per calendar year for five (5) years in its budget to continuously improve the following governance oversight, risk management and supply chain areas of focus: (1) integrity and compliance continuous improvement; (2) strategic resilience planning and continuous improvement; (3) continuous improvement of supply chain diligence and auditing; and (4) environmental and social governance initiatives. Leadership shall present to the Board of Directors those categories of focus for continuous improvement, with the budget allocation and reporting at least annually on progress. All matters related to the Continuous Improvement Budget will be approved by the Board of Directors.

**C. Separation of Chief Executive Officer and Chairperson:** The Company shall ensure its governing documents separate the roles of Chief Executive Officer (“CEO”) and Chairperson, or if the Chairperson is also the acting CEO, the Company will require a Lead Independent Director to be appointed.

**D. Majority of Independent Directors:** Beginning in the next election cycle, the Company will formally require that at least seventy-five percent (75%) of its Board of Directors be independent pursuant to New York Stock Exchange listing guidelines, and require that no director (or any spouse, parents, or children occupying the director’s home) has any personal services contract(s) with Resideo (exclusive of any immaterial normal-course commercial contracts between the director and Resideo) or any member of the Company’s senior management (or such manager’s spouse, parents, or children occupying the manager’s home). Employment as CEO or other executive officer at the Company other than on an interim basis shall disqualify a director from being considered independent within three (3) years following that employment.

**E. Diversity of Board of Directors:** When seeking candidates for nomination to the Board of Directors, Resideo will strive to include in each interview slate for nomination to the Board at least thirty percent (30%) female candidates, Black or non-white Hispanic candidates, and/or candidates from other populations historically underrepresented on the Board (collectively referred to as “Diverse” candidates). Beginning in the next election cycle, the Company will formally require that at least thirty percent (30%) of its Board consist of Diverse directors.

**F. Separation of Chief Compliance Officer and General Counsel:** Beginning in 2022, the Company will separate the roles of Chief Compliance Officer and General Counsel. The Chief Compliance Officer shall provide a report to the Audit Committee at least four (4) times annually summarizing compliance and ethics reports at the Company.

**G. Innovation and Technology Committee Charter:** The Company will formally report to the Innovation and Technology (“I&T”) Committee (or other appropriate governance body) with respect to major information technology projects or significant new product innovation and design projects to ensure that the I&T Committee and the Board have adequate information on which to exercise their oversight obligations with respect to such projects and innovation and to otherwise ensure that such projects are proceeding according to plan or appropriate remediation is implemented. In addition, the I&T Committee shall review any related I&T public disclosures with the SEC in advance of publication by the Company.

**H. Disclosure Committee and Disclosure Controls:** The Company, through a representative of the management-level Disclosure Committee, will formally report to the Audit Committee regarding the integrity and effectiveness of controls and procedures (“Disclosure Controls”) that are designed to ensure the accurate and timely disclosure of information required to be disclosed to the SEC and other public disclosures related to the Company’s financial condition. The Disclosure Committee shall operate under a charter, and its responsibilities shall include: (1) providing the Audit Committee Chair advance opportunity to review minutes of quarterly Disclosure Committee meetings to allow for feedback prior to quarterly or annual materials being provided to the full Audit Committee for review and approval; (2) monitoring the existing management operating systems and regular business review processes for their effectiveness in identifying issues for discussion with the Disclosure Committee in connection with making disclosure decisions; (3) discussing and proposing best practice modifications to Disclosure Controls based upon business needs and reporting significant deficiencies with the Disclosure Controls to the Audit Committee; (4) reviewing the Company’s Forms 10-Q, Forms 10-K, proxy statements, and annual reports prior to issuance, to ensure the adequacy and accuracy of the disclosures included therein, then passing on such disclosures for review by the Audit Committee or other appropriate Board committee; (5) reviewing the Company’s quarterly earnings press releases, prior to transmittal to the Audit Committee, and, to the extent practicable, the Company’s pre-conference call scripts, to ensure the adequacy and accuracy of the disclosures included therein; (6) if circumstances warrant, advising the Audit Committee of any corrections that need to be made to prior disclosures, and drafting any such corrective disclosures; (7) holding ad hoc meetings upon the occurrence of events that may require the filing of a Form 8-K; (8) reviewing in advance, as appropriate based upon content, press releases and the Company’s Forms 8-K and, when appropriate, discuss whether disclosure on Form 8-K should be made, and the form and content of any such disclosures; and (9) consulting as appropriate with other Company personnel in connection with the review of disclosures of potentially material information, and requesting input from advisors including outside counsel and outside auditors. The membership of the Disclosure Committee shall consist of the following, at a minimum: the CFO, General Counsel, Chief Compliance Officer, and the Vice President of Investor Relations. The Disclosure Committee shall meet at least quarterly but may meet more frequently as circumstances warrant. The time and date of each meeting of the Disclosure Committee shall be documented, and minutes shall be kept of each meeting that is held to review Forms 10-Q, Forms 10-K, proxy statements, and annual reports.

To further document the Audit Committee’s role with respect to the Disclosure Committee, Section 4 of the Audit Committee’s charter shall be modified as follows (with additions to the charter denoted in italics): “Review and discuss with management, *a representative from the Disclosure Committee* and the independent auditors, prior to the filing thereof, the Company’s annual and interim financial results (including Management’s Discussion and Analysis) to be included in Forms 10-K and 10-Q, respectively, and the matters required to be communicated to the Committee under generally accepted auditing standards and rules of the SEC. Review and discuss with the independent auditor any identified critical audit matters. Discuss with management *and a representative from the Disclosure Committee* the Company’s earnings releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be general (consisting of discussing the types of information to be disclosed and the types of presentations to be made), and each earnings release or each instance in which the Company provides earnings guidance need not be discussed in advance.”

**I. Strategic Planning:** On no less than an annual basis, management shall provide to the Board of Directors a strategic operating plan (the “Strategic Operating Plan”) that shall address,



as warranted, the following topics: (a) potential material strategic alternatives, such as mergers and acquisitions, joint ventures, acquisition or disposition of capital assets, equity and debt funding and modifications of existing capital structure, dividend policy, and stock offerings, repurchase programs and reverse splits; (b) an evaluation of the progress and effectiveness of the prior strategic operating plan(s), recommending changes to the plan(s) where necessary or advisable and evaluating other issues or opportunities; (c) a review of acquisition, sale, spin-off, and/or investment strategies; and (d) following any material acquisition, sale, spin-off, or investment, a review of the status of the integration of the business units and/or products materially impacted by such transaction, including any significant challenges or delays in integration and progress towards integration. In the ordinary course, the Board shall review and discuss the Strategic Operating Plan with management. The Board's review of the Strategic Operating Plan, shall be recorded in the minutes of the Board.

**J. Meetings in Executive Session:** The Board of Directors shall hold executive sessions of its non-employee directors on at least a quarterly basis, including at least one executive session of independent directors annually.

**K. Review of Related Party Transactions:** The Audit Committee shall review transactions constituting actual or potential "Related Party Transactions" in accordance with Resideo's "Policy Concerning Related Party Transactions."

**L. Annual Assessment of Internal Controls:** The Company's management will engage annually with the Audit Committee and the Chief Compliance Officer to assess internal compliance controls.

**M. Board of Directors' Education and Self-Evaluation:** The Board of Directors' self-evaluation process will include the following categories: (1) Board composition, culture, and accountability; (2) Board strategy and performance; (3) Board oversight over the Company's market, operational, and compliance risks; (4) Board oversight over the Company's management; and (5) Board meetings and administration, including an assessment of flow of information from management to the Board. The Company will make available reasonable reimbursement for Board members for periodic Board member training, as is customary for similarly situated companies.

**N. Employee Training:** The Company shall provide all new hires and appropriate employee populations with training on expectations with respect to integrity and compliance and Code of Business Conduct. The Company shall require the appropriate employee populations to attest on an annual basis that they have read, understand, and will comply with the Code of Business Conduct. The Company's policy on Raising or Reporting an Integrity or Compliance Concern will adequately notify employees of the following: (i) complaints may be directed to an employee's manager, any member of Human Resources, any member of the Integrity & Compliance Team or Law Department, or via the third-party reporting process; (ii) reports made through the third-party reporting process made be made anonymously (unless prohibited by local law); (iii) information gathered during investigations into reports will be kept confidential to the extent possible; and (iv) Resideo strictly prohibits retaliation against any individual who raises complaints in good faith. The Company shall post information regarding the Resideo Helpline phone number and website reporting portal on the Company website and make clear that it is available to assist on matters pertaining to a potential violation of the Code of Business Conduct. Resideo's Helpline shall be confidential, and reports made to Resideo's Helpline relating to accounting, auditing, or embezzlement matters shall be directed to the Chairman of the Audit Committee. The Company shall remind employees of how to raise an integrity or compliance concern.

**O. Whistleblower Policy:** The Company will highlight that its non-retaliation policy for whistleblower complaints is currently referenced in the Company's Code of Conduct and in the policy "Raising or Reporting an Integrity or Compliance Concern."

**P. Recoupment Policy:** The Company's Policy Concerning Recoupment of Incentive Compensation ("Recoupment Policy") shall be amended as follows: (i) the Company shall disclose in its Compensation Discussion and Analysis any recovery obtained from a Named Executive Officer under the Recoupment Policy.

#### **V. PLAINTIFFS' COUNSEL'S ATTORNEYS' FEES AND EXPENSES**

After negotiating the principal terms of the Settlement, the Parties, acting by and through their respective counsel, with the assistance of Magistrate Judge Thorson, separately negotiated the attorneys' fees and expenses Resideo would pay or cause to be paid to Plaintiffs' Counsel based on the substantial benefits conferred upon Resideo by the Settlement. As a result of those negotiations, Defendants have agreed to pay an award of attorneys' fees, reimbursement of expenses, and service awards, if any, for all Plaintiffs and Plaintiffs' Counsel in an aggregate amount not to exceed \$1,600,000.00, subject to Court approval (the "Fee Award"). The Parties further stipulated that Plaintiffs' Counsel may apply to the Court for service awards of up to \$2,500 for each of the Plaintiffs in recognition of Plaintiffs' participation and efforts in the prosecution of the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand, to be paid from Plaintiffs' Counsel's Fee Award only upon approval of the Court. The Parties further stipulated that the Court may consider and rule upon the fairness, reasonableness, and adequacy of the Settlement independently of the Fee Award. The failure of the Court to approve the requested Fee Award, in whole or in part, shall have no effect on the Settlement, and final resolution by the Court of the requested Fee Award shall not be a precondition to the dismissal of the Consolidated Action or the Delaware Chancery Action.

#### **VI. DISMISSAL AND RELEASES**

Upon Final Approval, Plaintiff Releasing Parties, by operation of the Settlement and to the fullest extent permitted by law, shall completely, fully, finally and forever release, relinquish, settle and discharge each and all of the Released Defendants from any and all of Plaintiffs' Released Claims.

Upon Final Approval, Defendant Releasing Parties, by operation of the Settlement and to the fullest extent permitted by law, shall completely, fully, finally and forever release, relinquish, settle and discharge each and all of the Released Plaintiffs from any and all of Defendants' Released Claims.

"Plaintiffs' Released Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, that Plaintiff Releasing Parties asserted or could have asserted on behalf of nominal defendant Resideo Technologies, Inc. in the Consolidated Action, in the Delaware Chancery Action, or through the Derivative Demand in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Defendants, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the complaints to the Consolidated Action or the Delaware Chancery Action or in the Derivative Demand, or (ii) the commencement, prosecution, defense, mediation or settlement of the Consolidated Action, the

Delaware Chancery Action, or the Derivative Demand; provided, however, for the avoidance of doubt, that Plaintiffs' Released Claims shall not include any claims to enforce this Settlement.

"Defendants' Released Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, which were or which could have been asserted by any of the Defendant Releasing Parties in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (a) the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Plaintiffs, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Consolidated Action, the Delaware Chancery Action, or the Derivative Demand, or (b) the commencement, prosecution, defense, mediation or settlement of the Consolidated Action, the Delaware Chancery Action, or the Derivative Demand; provided, however, for the avoidance of doubt, that Defendants' Released Claims shall not include any claims to enforce the Settlement.

"Released Claims" means Plaintiffs' Released Claims and Defendants' Released Claims.

"Plaintiff Releasing Parties" means the Plaintiffs, Resideo, Plaintiffs' Counsel, and each and every Resideo stockholder derivatively on behalf of Resideo, and their respective agents, spouses, heirs, predecessors, successors, transferors, transferees, personal representatives, representatives, parents, subsidiaries, affiliates, partners, investors, advisors, insurers, and assigns.

"Defendant Releasing Parties" means Defendants, Defendants' Counsel, and their respective agents, spouses, heirs, predecessors, successors, transferors, transferees, personal representatives, representatives, parents, subsidiaries, affiliates, partners, investors, advisors, and assigns.

"Releasing Parties" means the Plaintiff Releasing Parties and the Defendant Releasing Parties.

"Released Plaintiffs" means the Plaintiffs, Plaintiffs' Counsel, and any and all of their former or current agents, parents, controlling persons, general or limited partners, members, managers, managing members, direct or indirect equity holders, subsidiaries, affiliates, employees, officers, directors, predecessors, successors, attorneys, heirs, successors, assigns, insurers, reinsurers, consultants, other representatives, servants, respective past or present family members, spouses, agents, fiduciaries, partners, corporations, direct or indirect affiliates, bankers, estates, and advisors.

"Released Defendants" means (a) Defendants, including nominal defendant Resideo, and any and all of their and Resideo's former or current agents, parents, controlling persons, general or limited partners, members, managers, managing members, direct or indirect equity holders, subsidiaries, affiliates, employees, officers, directors, predecessors, successors, attorneys, heirs, successors, assigns, insurers, reinsurers, consultants, other representatives and servants; (b) for each and all of the persons identified in the foregoing clause, any and all of their respective past or present trusts, foundations, investors, insurers, reinsurers, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited-liability companies, corporations, parents, controlling persons, subsidiaries, divisions, direct or indirect affiliates, associated entities, stockholders, members, managing members, managing agents, financial or investment advisors,

advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys in fact, counsel, accountants and associates that are not natural persons; (c) for each and all of the persons identified in the foregoing clauses of this Section that are not natural persons, any and all of their respective past or present trustees, agents, employees, fiduciaries, partners, controlling persons, principals, officers, managers, directors, managing directors, members, managing members, managing agents, financial or investment advisors, advisors, consultants, brokers, dealers, lenders, attorneys in fact, counsel, accountants, and associates who are natural persons; (d) for each and all of the persons identified in the foregoing clauses of this Section that are not natural persons, their respective successors and assigns; and (e) for each and all of the persons identified in the foregoing clauses of this Section who are natural persons, all their past or present family members or spouses, and the heirs, executors, estates, administrators, personal or legal representatives, assigns, beneficiaries, and distributees of any of the foregoing.

“Released Parties” means the Released Plaintiffs and the Released Defendants.

## **VII. SETTLEMENT HEARING**

On June 7, 2023, at 11:00 a.m., a settlement fairness hearing will be held before the Honorable Wilhelmina M. Wright, at the United States District Court for the District of Minnesota, United States District Court, 316 N. Robert Street, Courtroom 7A, St. Paul, Minnesota 55101 (the “Settlement Hearing”). At the Settlement Hearing, the Court will: (a) determine whether Plaintiffs and Plaintiffs’ Counsel have adequately represented the interests of Resideo and its stockholders; (b) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate, and in the best interests of Resideo and its stockholders; (c) determine whether the Notice fully satisfies the requirements of Rule 23.1 and due process; (d) determine whether a judgment substantially in the form attached as Exhibit D to the Stipulation should be entered dismissing the Action with prejudice against Defendants; (e) determine whether the motion by Plaintiffs’ Counsel for the Fee Award should be approved; (f) hear and determine any objections to the Settlement or the motion by Plaintiffs’ Counsel for the Fee Award; and (g) consider any other matters that may properly be brought before the Court in connection with the Settlement.

Pending the Court’s determination as to final approval of the Settlement, Plaintiffs and all Resideo stockholders are barred and enjoined from commencing, prosecuting, instigating or in any way participating in the commencement or prosecution of any action asserting any of the Released Claims, either directly, representatively, derivatively, or in any other capacity, against Resideo, Defendants, or any of the Released Parties.

## **VIII. RIGHT TO ATTEND SETTLEMENT HEARING**

Any current Resideo stockholder may, but is not required to, appear in person at the Settlement Hearing. If you want to be heard at the Settlement Hearing, then you must first comply with the procedures for objecting, which are set forth below. The Court has the right to change the hearing date or time without further notice or to hold it telephonically or via another remote process. Thus, if you are planning to attend the Settlement Hearing, you should confirm the date and time before going to the Court. Current shareholders who have no objection to the Settlement do not need to appear at the Settlement Hearing or take any other action.

## **IX. RIGHT TO OBJECT TO THE PROPOSED SETTLEMENT AND PROCEDURES FOR DOING SO**

Any current Resideo stockholder may appear and show cause, if he, she, or it has any reason why the Settlement should not be approved as fair, reasonable, and adequate, or why a judgment should not be entered thereon, or why the separately negotiated attorneys’ fees and expenses should

not be approved. You must object in writing, and you may request to be heard at the Settlement Hearing. If you choose to object, then you must follow these procedures.

**A. You Must Make Detailed Objections in Writing**

Any objections must be presented in writing and must contain the following information:

1. Your name, legal address, e-mail address, and telephone number;
2. The case name and number;
3. Proof of current ownership in Resideo common stock, including the number of shares and documentary evidence of when such stock ownership was acquired, with such ownership having existed on or before February 13, 2023;
4. The date(s) you acquired your Resideo shares;
5. A written detailed statement of each objection being made that states with specificity the grounds for the objection, including any legal and evidentiary support you wish to bring to the Court's attention;
6. Notice of whether you intend to appear at the Settlement Hearing (you are not required to appear); and
7. Copies of any papers you intend to submit to the Court, along with the names of any witness(es) you intend to call to testify at the Settlement Hearing and the subject(s) of their testimony.

The Court may not consider any objection that does not substantially comply with these requirements.

**B. You Must Timely Deliver Written Objections to the Court**

All written objections and supporting papers must be submitted to the Court either by mailing them to:

Clerk of the Court  
UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA  
316 N. Robert Street, Courtroom 7A  
St. Paul, Minnesota 55101

OR by filing them in person at any location of the United States District Court for the District of Minnesota.

**YOUR WRITTEN OBJECTIONS MUST BE POSTMARKED OR ON FILE WITH THE CLERK OF THE COURT NO LATER THAN MAY 17, 2023.**

Unless the Court orders otherwise, your objection will not be considered unless it is timely filed with the Court.

Your written objection must also be mailed to:

Plaintiffs' Counsel:

Michael J. Barry  
Vivek Upadhy  
**GRANT & EISENHOFER PA**  
123 Justison Street  
Wilmington, DE 19801  
Telephone: (302) 622-7000  
mbarry@gelaw.com  
vupadhy@gelaw.com

Adam Warden  
**SAXENA WHITE P.A.**  
7777 Glades Road, Suite 300  
Boca Raton, FL 33434  
Telephone: (561) 206-6713  
awarden@saxenawhite.com

Defendants' Counsel:

Tariq Mundiya  
Charles D. Cording  
**WILLKIE FARR & GALLAGHER LLP**  
787 Seventh Avenue  
New York, NY 10019  
Telephone: (212) 728-8000  
tmundiya@willkie.com  
ccording@willkie.com

Any person or entity who fails to object or otherwise request to be heard in the manner prescribed above will be deemed to have waived the right to object to any aspect of the Settlement as incorporated in the Stipulation or otherwise to be heard (including the right to appeal) and will be forever barred from raising such objection or request to be heard in this or any other action or proceeding, and, unless otherwise ordered by the Court, shall be bound by the Final Judgment to be entered and the releases to be given.

**X. HOW TO OBTAIN ADDITIONAL INFORMATION**

This Notice summarizes the Stipulation. It is not a complete statement of the events of the derivative litigation or the Settlement contained in the Stipulation.

You may inspect the Stipulation and other papers in the Consolidated Action at the United States District Court Clerk's office at any time during regular business hours of each business day. The Clerk's office is located at the United States District Court for the District of Minnesota, 316 N. Robert Street, Courtroom 7A, St. Paul, Minnesota 55101. However, you may also contact counsel

listed below to obtain a copy of the Stipulation. The Clerk's office will not mail copies to you. You may also view and download the Stipulation at [ResideoTechnologiesDerivativeSettlement.com](https://ResideoTechnologiesDerivativeSettlement.com).

If you have any questions about matters in this Notice, you may contact:

Michael J. Barry  
Vivek Upadhya  
**GRANT & EISENHOFER PA**  
123 Justison Street  
Wilmington, DE 19801  
Telephone: (302) 622-7000  
[mbarry@gelaw.com](mailto:mbarry@gelaw.com)  
[vupadhya@gelaw.com](mailto:vupadhya@gelaw.com)

Adam Warden  
**SAXENA WHITE P.A.**  
7777 Glades Road, Suite 300  
Boca Raton, FL 33434  
Telephone: (561) 206-6713  
[awarden@saxenawhite.com](mailto:awarden@saxenawhite.com)

PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO EITHER THE COURT OR THE CLERK'S OFFICE.

DATED: FEBRUARY 13, 2023

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

Resideo Derivative Settlement  
c/o Kroll Settlement Administration  
P.O. Box 5324  
New York, NY 10150-5324