AVIATION WEEK

PROGRAM EXCELLENCE
AWARDS

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Thank you for participating,

Gregory Hamilton
President
Aviation Week Network

Acknowledged, agreed, and submitted by

June 20, 2025

_____   _____
Nominee's Signature   Date

Nominee's Name (please print): Allen Fenske _____

Title (please print): Senior Director – Engines & Power Systems Program Management Office_____

Company (please print): Honeywell International_____

NOMINATION FORM

Name of Program: Honeywell Consent Agreement: Department of State _____

Name of Program Leader: Allen Fenske _____

Phone Number: 480 280 1560 _____

Email: allen.fenske@honeywell.com _____

Postal Address: 21111 19th Ave N, Phoenix, AZ 85027 _____

_____

☐ Customer Approved

- o Date: June 2, 2025 _____

- o Customer Contact (name/title/organization/phone): Vic Miller, Chief Compliance Officer, Honeywell, 443 812 1047 _____

☐ Supplier Approved (if named in this nomination form)

- o Date: _____

- o Supplier Contact (name/title/organization/phone): _____

**PLEASE REFER TO PROGRAM EXCELLENCE DIRECTIONS
AS YOU COMPLETE THIS FORM.**

SECTION 1: EXECUTIVE SUMMARY
Make the Case for Excellence
Value: 10 points
Use 12 pt. Times Roman typeface.

What is the vision for this program/project? What unique characteristics and properties qualify this program for consideration?

[LIMIT YOUR NARRATIVE TO THIS PAGE.]

Honeywell compliance to International Traffic In Arms Regulations (ITAR) has always been a key goal and a critical operating priority. Strong control of technical information subject to ITAR is imperative as Honeywell has employees and customers in every continent. In April, 2021 Honeywell entered into a Consent Agreement (CA) with the U.S. Department of State (DOS) resulting from violation self-disclosures submitted in prior years. The CA was immediately given top priority with the full support of the Honeywell Board of Directors, senior executive leadership and corporate Chief Compliance Officer. The scope of this agreement affected three business units which were called at the advent of this CA; Aerospace, Safety & Productivity Solutions (SPS) and Performance Materials and Technologies (PMT).

Key ingredients towards ensuring an effective measurable response to the CA with significantly strengthened controls included
- A fast start to enable early and progressive implementation of corrective actions
- Managing the CA the same as an Aerospace product development program using the program management operating system
- Assignment of a seasoned program manager
- Full transparency internally, with the DOS and with the DOS-assigned Special Compliance Officer (SCO)

This CA program affected multiple thousands of employees across the three businesses with the greatest volume of ITAR technical information and licensing managed in the Aerospace business. The key pillars in remediating the weaknesses identified included
- Strong leadership support
- Information systems
- Process
- Training & culture
- Sustainment – post CA closure.

This terms of the CA included that it was a three year term, April 2021 thru April 2024, with closure subject to DOS discretion that Honeywell had effectively achieved the CA requirements. The combination of steadfast executive leadership support, strong program management behaviors and persistence with the application of the standard program management tools and processes enabled Honeywell to exit the CA early. The DOS described Honeywell is the first company ever to complete early, this after more than 20 years of consent agreements issued by DOS.

Honeywell had never been assigned a CA from the DOS. It is the uniqueness of this agreement with the objectives spanning across a high volume of U.S. and international employees, and across three business units that the Special Projects category was selected for Aviation Week's 2025 Program Excellence Award.

DIRECTIONS

- **Do not exceed 10 pages in responding to the following four descriptions**.
  - o Allocate these 10 pages as you deem appropriate, but it is important that you respond to all four sections.

- DO NOT REMOVE THE GUIDANCE PROVIDED FOR EACH SECTION.

- Use 12 pt. Times Roman typeface throughout.

- Include graphics and photos if appropriate; do not change margins.

SECTION 2: VALUE CREATION
Value: 15 points

Please respond to the following prompt:

➢ **Clearly define the value of this program/project for the corporation; quantify appropriately**

Honeywell's defense and space business is a key part of its Honeywell Aerospace Technologies division, which generates about $15 billion in annual revenue, with a 50/50 split between commercial and defense contracts. Honeywell offers a wide range of products and services for the military and space markets, including avionics, engines, and systems. Honeywell's customers, the U.S. government and companies in this industry, and suppliers rely on our protecting technical information in accordance with ITAR regulations.

The value or enablers to achieve ITAR compliance included the design and deployment of an Automated Export Compliance System (AECS) that strongly controls the transfer of technical information within Honeywell and externally to non-Honeywell entities. New tools and processes were deployed to enable correct jurisdiction determination and classification of technical information. Additional tools and processes were created to ensure timely application for an export authorization (a license or agreement) from the Office of Defense Trade Controls Licensing (DTCL) and Honeywell compliance to the terms of the authorization.

Importantly value was created for the employees. Regardless of location globally the employees have been provided training, tools, processes and readily accessible process documentation to enable them to confidently conduct their work assignments while ensuring compliance to ITAR regulations. This includes the exporting or sharing of export-controlled hardware, software, technical information and/or services. Export compliance is a shared responsibility and employees recognize they all have a stake in ensuring compliance with export control laws and regulations.

- ➢ **Clearly define the value of this program/project to your customer**

The direct customer is Honeywell with compliance assurance held by the corporate Chief Compliance Officer. Honeywell conducts its business operations in compliance to requirements set by the external regulator, the Department of State's Directorate of Defense Trade Controls (DDTC). DDTC is charged with controlling the export and temporary import of defense articles and defense services described on the USML, in accordance with the AECA and the ITAR. As noted on their home page DDTC's mission is to ensure commercial exports of defense articles and defense services advance U.S. national security and foreign policy objectives. Given the expansive offerings Honeywell provides in the defense and space systems market DDTC relies on Honeywell to maintain a comprehensive export compliance system

- ➢ **Clearly define the value of this program/project to members of your team; quantify if possible**

It was imperative for the corporate Chief Compliance Officer that his export compliance team fully achieves all the requirements of the consent agreement. Described through the key pillars of the Honeywell export compliance system this included 1 the design and deployment of a sophisticated but user-friendly Automated Export Compliance System (AECS) technical information management and transfer tool 2 a Jurisdiction and Classification system of processes, tools and training to ensure correct classification of technical information 3 a strong Authorization Determination and Management system and 4 delivery of effective training to the 1,000s of employees working within these systems.

Validation of this value was assessed through a series of audits, the first conducted by Honeywell and the latter two conducted by DOS-approved third party auditors. Honeywell gained further value by acting on all of the audit findings categorized with Special Compliance Officer (SCO) approval into different categories of significance.

Through the course of the CA the SCO was viewed as an integral member of the many Honeywell teams. Seeking and acting with transparency on the SCO's experience-based feedback was a key ingredient in the success of this program.

AECS
By January, 2024 the AECS was deployed with use across all applicable global locations with over 29,000 members (21,000 internal and 8,000 external to Honeywell). Approximately 150 AECS Subject Matter Experts (SME) were trained and contributed to the continued AECS improvements since the initial release in September, 2022. The Aerospace Integrated Supply Chain organization completed over 25,000 technical transfers.

Jurisdiction & Classification
Honeywell certified 920 technical information 'classifiers' across the three businesses and completed more than 18,000 J&C determinations via an Export Compliance Manager tool invented.

ITEM TYPE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
AECS Technical Information	177	910	1,179	1,553	1,586	1,340	6,745
Technical Information (outside AECS)	521	1,598	1,509	1,853	1,290	1,156	7,927
Software	93	192	235	269	245	123	1,157
Commodity	151	433	333	396	721	297	2,331
Total	**942**	**3,133**	**3,256**	**4,071**	**3,842**	**2,916**	**18,160**

Authorization Management

The export compliance team stood up a new authorization management team embedded within the business with over 150 agreements managed.

Audit Results
Honeywell dispositioned 300 findings from the first external audit with additional 105 findings addressed from the second external audit.

➢ **Clearly define the contribution of this program/project to the greater good (society, security, etc.)**

The Department of State seeks to deny adversaries access to U.S. defense technology while ensuring that defense cooperation with allies and partners contributes to their ability to defend themselves and fight effectively alongside U.S. armed forces in joint operations. DOS also scrutinizes potential defense exports for their effect on regional stability, human rights, nonproliferation, and the U.S. defense industrial base.

Honeywell has an obligation to ensure compliance to the Arms Export Control Act (AECA) of 1976, as amended and implemented by the International Traffic in Arms Regulations (ITAR). The includes items on the U.S. Munitions List (USML), which is contained in Part 121 of the ITAR. The USML generally covers items specially designed or modified for military applications, and its 21 categories extend from firearms and protective gear to fighter jets.

The ITAR covers hardware, technical data and defense services. Under the ITAR, an "export" includes not only an actual shipment or transmission of a defense article out of the United States but also "releasing or otherwise transferring technical data to a foreign person in the United States." It also includes "performing a defense service on behalf of, or for the benefit of, a foreign person, whether in the United States or abroad."

Value: 35 points
Use 12 pt. Times Roman typeface

Please respond to the following prompts:

➢ *15 points:* Describe the innovative tools and systems used by your team, how they contributed to performance and why

The CA program was broken into eleven workstreams in the Work Breakdown Structure (WBS). By far the most complex workstream with the highest investment was the development and deployment of the Automated Export Compliance System (AECS). The image below depicts the general phases conducted.

THE AECS JOURNEY
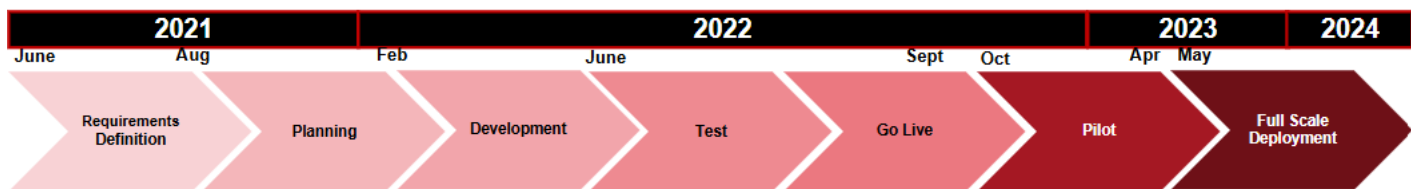
The first step was to identify the system requirements which was a combination of the CA Paragraph 12 requirements, an additional 46 export compliance requirements (identified by the Export Compliance team) and more than 30 business requirements.

The synthesis of these requirements illuminated the complexity of the finalized system architecture. Through the planning a process a second WBS was created for this AECS workstream culminating nearly 25 different development teams. The sub-systems newly developed or modified included, in part,
- Nasuni data management and hybrid cloud storage solutions
- Integration with SAP
- Stealthbits for data security and identity management
- Human resources applications including PeopleSoft
- Teamcenter technical data storage and customization enabling compliant data transfers
- Virtual desktop tools enabling 3rd party engagement within the Honeywell internal network.

The architecture with choice of these tools enabled the aforementioned 25,000 members, 29,000 technical transfers and supported the 18,000 documentation classifications within less than the 3 year term of the CA.

The development teams used JIRA for capturing functional issues with burn downs to track remediation to the integrated master schedule.

➢ *10 points:* Define the unique practices and process you used to develop, lead and manage people?

Leadership across two levels were paramount to achieving the CA requirements and completing early. The first level was the multiple consent agreement teams defined by the WBS, including the especially

large AECS team, and the second being the workforces within Aerospace, and sub-sections of the SPS and PMT businesses.

AECS Development & Deployment

Foundational to the AECS deployment was to first complete transfer of multiple terabytes of data off legacy servers to the new Nasuni-managed system. The CA program was engaged with this team and the Honeywell CIO ensuring that the transfers, measured by data types and facility locations completed in a sequence most optimal to the CA program IMS. A key criteria was the quantity of ITAR-regulated data transitioned.

Process mapping the export compliance regulations across the business processes (examples – procurement, product development, customer support, new business development) was conducted to derive the system architecture and persisted through the majority of the development phase to ensure all business requirements were met, and to leverage for creation of training content.

The AECS was uniquely new to the Honeywell workforce and therefore was first piloted across a limited number of sites and product development programs. The pilot surfaced numerous functional issues and missing features necessary for the varying organizations (examples: Integrated Supply Chain, Customer & Product Support, supplier, non-US person/non-US site licensed technologies). A robust change management process was conducted weighting the priority across export-compliance benefit, enhanced user experience and effort to implement.

Approximately 150 AECS Subject Matter Experts (SMEs) contributed in the pilot and were heavily engaged with daily meetings to prove out the system both during the pilot (Sept 30, 2022 start) and upon full deployment (Feb, 2023). The SMEs were pivotal identifying issues, were communication conduits each representing a sector of the business, helped offer solutions and contributed to training. The most heavily engaged SMEs were recognized with awards at the vice-president level. All of the Aerospace AECS SMEs recorded a specific goal in the Honeywell Performance and Development (HPD) system with respect to their duties as a SME. This not only ensured their engagement, it also provided those employees the recognition they earned in performing this previously non-existent responsibility.

The business workforce

The post-pilot deployment of AECS started with video-based training. The first organization targeted was Aerospace ISC, with 1,888 US/non-US employees completing training June 30, 2023. Another 6,920 Aerospace employees completed training by July 30, 2023. Communications and on-line media (located on an AECS digital web page) encouraged employees to contact a SME for questions and assistance in using AECS. At the end of the CA Honeywell was developing a similar network of AECS SMEs in the SPS sensor business and the PMT Body Armor business

➢ *10 points:* **How did you leverage skills and technologies of your suppliers?**

A key success factor was engagement with the Special Compliance Officer (SCO) as a fully-integrated team participant and not treating the individual merely as an external reviewer or extension of the DOS. Honeywell assessed six SCO candidates before selecting a particular individual. Honeywell recognized the value in his prior experience engaged in a consent agreement at a similar-sized Aerospace company and as an external auditor to yet another CA.

Honeywell also employed an independent consultant. This woman brought significant experience having been a prior Vice President of Global Compliance at a large U.S. based aircraft manufacturer.

Honeywell also contracted the support of a law firm with significant consent agreement counseling experience. This firm provided input on J&C and AM processes and audit finding remediation.

Early on Honeywell conducted benchmarking of two Aerospace companies on lessons learned they captured from their recent CAs. Worth nothing is that Honeywell has since been benchmarked by two Aerospace companies now under consent agreement. Honeywell provided in great detail the program management approach, lessons learned and how communications and metrics were structured with the SCO and DOS.

SECTION 4: DEALING WITH PROGRAM COMPLEXITY
(VOLATILITY, UNCERTAINTY, COMPLEXITY, AMBIGUITY, or VUCA)
Value: 25 points
Use 12 pt. Times Roman typeface

Please respond to the following prompts:

10 points: Describe UNIQUE areas of VUCA faced by your program and why. (Please avoid the issues surrounding Covid-19 pandemic, which was faced by all programs.)

The most uncertain, indeterministic aspect of the CA program was the dependency on the IT (Information Technology) team responsible for the deployment of the new NASUNI file management system. From day one Honeywell moved with speed recognizing the magnitude of work against a three year term. The program manager quickly decomposed the CA requirements, established the WBS with assigned leaders all at director level or above and began the business process mapping and AECS requirements to enable fast creation of the AECS architecture.

The AECS architecture was executive leadership approved by September, 2021. The architecture was dependent on NASUNI functionality. The IT team committed to completing the NASUNI deployment by December, 2021. This deployment did not complete until 2nd quarter, 2023 which paced the deployment of the AECS. Honeywell had contracted an external firm to help with the NASUNI deployment. It became evident the complexity of this was not well understood relating to many factors including 1 data types & structure 2 data locations 3 owners responsible for the data {most whom were no longer with Honeywell or in new roles} and 4 data transfer cycle times {for terabytes of data}.

The AECS workstream and overall consent agreement program had to adjust to their timeline. This included managing communications to 1,000s of employees with crisp instructions regarding AECS functional limitations depending on locations of people and data.

Despite these issues, it was the rigorous focus on the issues using Honeywell program management tools (integrated master schedule, action burn downs, effective multi-level program reviews) that resulted in an early exit. The 3rd party company that conducted the 2nd formal audit noted Honeywell was the first company in which they actually had an AECS system to audit.

➢ *15 points:* **Explain how your team responded to these challenges. What changes did you make, what were the results?**

The AECS SMEs were pivotal in helping to manage these challenges. The prolonged NASUNI deployment resulted in AECS functional issues that were simply aggravations to the users in the use of the tool. It slowed, even prevented users from managing their export controlled technical information and ability to conveniently transfer it to external customers and suppliers. Intervention was necessary from the AECS SMEs to help with workarounds. In a high attendance daily telecon including the program manager, export compliance focals, IT development leads and the SMEs on-going issues were covered with many walk-in topics added. The issues were captured, tracked and communicated enabling the SMEs to work with their extended teams on how to manage particular AECS limitations and importantly to keep getting the message out that the issues were on track to closure.

The business workforces in whole exhibited a level of patience because 1 they understood the unconditional mandate that ITAR regulations shall be followed and 2 that the AECS team remained staffed and focused on remediating the issues. The workforce knew of this through multi-level communications, at the Aerospace CEO level, program manager communications at the different business unit president staff meetings, all employee communications and the one-on-one engagements by the 150 SMEs.

The result of this was the aforementioned volume of technical transfers, classification of documents and the high volume of AECS users along with an early consent agreement release (approved by DOS).

SECTION 5: METRICS
Value: 15 points
Use 12 pt. Times Roman typeface

Please respond to the following prompts, where predictive metrics indicate items that provide a view of how yestrday's actions and today's actions will affect the future timeline, cost or other requirement.

Provide charts/graphs that illustrate performance to these metrics:

➢ **What are your predictive metrics?**
➢ **How did you perform against these metrics?**

This program had numerous predictive metrics to measure the efficacy of the consent agreement initiatives, including
- AECS deployment and use
- Jurisdiction and classification of technical information
- Management of licenses/agreements
- Training completed by employee headcount

- Number of voluntary disclosures (to DOS) and corrective action response.

Examples of the AECS predictive metrics

Almost a year ahead of the AECS deployment the metrics were derived to measure progress to ensure Honeywell had created an AECS system the workforce could and would choose to use, and to measure that ITAR regulated technical information was being properly managed. A key objective was to drive the organization to discontinue use of the legacy Dexcenter file transfer tool and transition to the AECS.

AECS has since replaced Dexcenter, which was only partially compliant (to the consent agreement requirements). This graph shows the decline over 2023. In July, 2023 the Dexcenter tool was declared obsolete and could only be used by permission. The 2,000 transfers were viewed as a volume that could be micro-managed as the team drove the termination of Dexcenter use by early 2024.
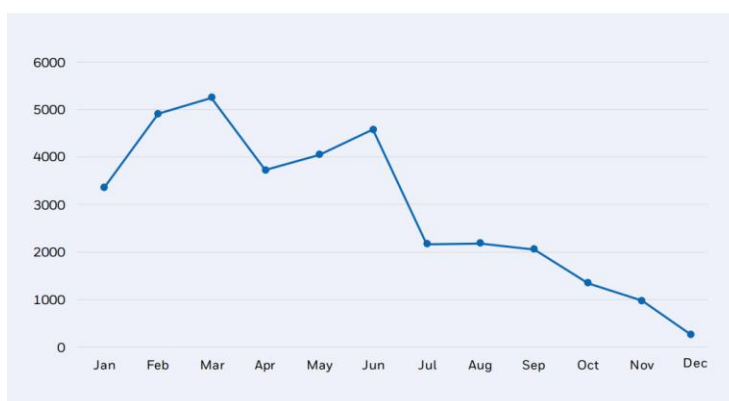

Dexcenter use in volume

The below graph depicts the volume of technical information transfers by organization within Aerospace. Across all DEXcenter use the average volume reduced approximately 65% with a total of 13,511 transfers in the 1st quarter of 2023 compared to 4362 over the three-month period of September through November 2023.
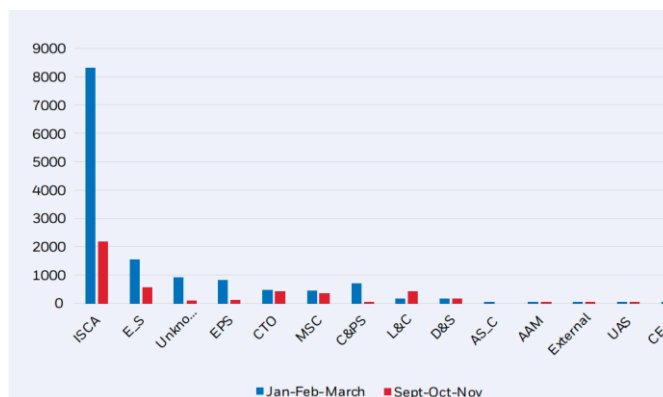
Dexcenter use by organization

To kick-start AECS use by Aerospace, Honeywell identified a list of 114 active New Product Introduction (NPI) development programs to be onboarded into AECS. The Active NPI Development

Programs graph below shows (in blue) how the targeted list declined from 228 to 114. Reasons for the decline include (1) the program was no longer active and (2) the program was not subject to the ITAR. By September 2023, all 114 programs had been onboarded into the AECS.
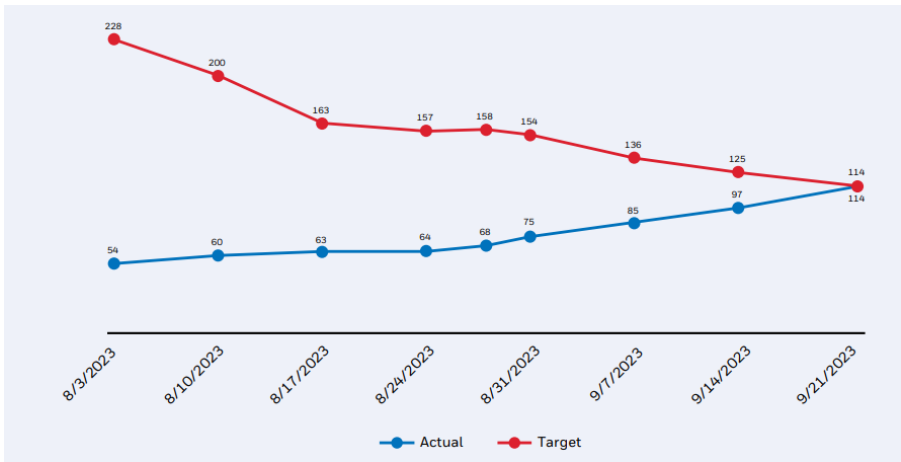
➤ **How do your predictive metrics drive action toward program excellence? Please provide examples.**

The above predictive metrics and associated trends for the AECS along with other below listed metrics enable visibility into the organization's adoption of the tools, processes and culture to comply with expectations on how to manage ITAR data. This enabled the sustainment phase that immediately followed CA completion in March, 2024. It was a key objective stated by the Aerospace CEO that a strong sustainment process with metrics is instituted so that all of the good effort by the broad CA team does not diminish, rather a strong system is maintained.

An example is the below table which shows the number of U.S. Jurisdiction & Classification determinations executed from July 15, 2023, through December 31, 2023.

ITEM TYPE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
AECS Technical Information	177	910	1,179	1,553	1,586	1,340	6,745
Technical Information (outside AECS)	521	1,598	1,509	1,853	1,290	1,156	7,927
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Total	**942**	**3,133**	**3,256**	**4,071**	**3,842**	**2,916**	**18,160**

With the requirement that all classifications be executed through the Export Compliant Manager module, part of the AECS, the Export Compliance team had full visibility to the U.S. J&C determination results and a single record of the analyses that support those J&C determinations. The volume of classifications is commensurate with the volume of ITAR NPI development programs. A drop off in volume from this surveillance may prompt action for additional remediation.

The 100s of job types were assessed to ascertain what training was necessary. For example, a factory worker may not need AECS training in contrast to a buyer in production that routinely shares technical information with suppliers. Over the course of the CA program, and continuing to this day the training results are tracked and compared to estimations whom requires training. The below table shows training

conducted in 2023 as the AECS was deployed out to the three businesses, with the majority required in the Aerospace business. The quantities are a measure that the workforce is responding to the export compliance process and training requirements. The columns in the below table are training modules (four for the AECS system).

BUSINESS/ COURSE	AECS OVERVIEW	J&C BASICS 101	PROGRAM RIGHTS MANAGER	TECHNICAL DATA PORTAL
Aero	9,853	9,915	7,861	7,673
SPS SST	334	585	218	193
PMT AM	35	336	70	14
Other	140	412	116	65

Other predictive metrics include
- Number of employees that complete the series of annual export compliance training
- Number of certified technical information classifiers in each business
- Trend of voluntary disclosures to the DOS
- Results of quarterly authorization management audits
- Creation of AECS Rights Programs and volume of transactions (in each business)
- Membership Approval/Denial into AECS
- End-to-end process and system reliability metrics (managed by IT)
- Data lifecycle management in AECS to prevent orphaned pockets of technical data
- AECS Quality spot checks to validate membership, correct licensing and data classifications