

WHEREAS: Climate change is creating systemic economic, environmental, and social risks. The Commodity Futures Trading Commission recently underscored that climate change could impair the productive capacity of the U.S. economy.¹ According to the IPCC, the window for limiting global warming to 1.5 degrees Celsius (1.5°C) and avoiding the worst impacts of climate change is quickly narrowing. Immediate, sharp emissions reduction is required of all market sectors.²

In response to material climate risk, the Climate Action 100+ initiative (CA100+), a coalition of over 700 investors with \$60 trillion in assets, issued a Net Zero Benchmark (“Benchmark”) outlining metrics that create climate accountability for companies and transparency for shareholders. Expectations include setting a net zero ambition, adopting 1.5°C aligned reduction goals across all relevant emission scopes, and disclosing decarbonization strategies.³

Credible climate transition planning protects against financial risk, increases economic opportunity, and prepares companies to address climate regulations which continue to expand globally.⁴ More than 70 countries have now established Net Zero by 2050 commitments.⁵ Similarly, in response to the aerospace industry’s 2.4% contribution to global annual carbon dioxide emissions, NATO’s leaders have committed to reduce defense emissions.⁶ As governments strive to reach their climate goals, companies with net zero aligned business models will be in a better competitive position to attract contracts and customers.

As a leading global security and aerospace company, Raytheon Technologies creates significant carbon emissions from its value chain and is exposed to numerous climate-related risks. Failing to respond to this changing environment may make Raytheon less competitive and have a negative effect on its cost of capital and shareholders’ financial returns.

While our Company has committed to reduce its operational emissions by 46% by 2030, Raytheon has not established 1.5°C aligned reduction goals that cover all segments of its business, including its Scope 3 value-chain emissions, which comprise over 85% of company emissions. By setting science-based reduction targets for its Scope 1-3 emissions, disclosing a decarbonization plan, and demonstrating progress toward achieving them, Raytheon can

¹ <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

² https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf

³ <https://www.climateaction100.org/wp-content/uploads/2021/03/Climate-Action-100-Benchmark-Indicators-FINAL-3.12.pdf>

⁴ <https://assets.bbhub.io/company/sites/63/2022/09/Expectations-for-Real-economy-Transition-Plans-September-2022.pdf>, https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309

⁵ <https://www.un.org/en/climatechange/net-zero-coalition>

⁶ <https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/decarbonizing-defense-imperative-and-opportunity>



provide investors with assurance that it is reducing its climate contribution and addressing the physical, transition, and competitive risks associated with climate change.

BE IT RESOLVED: Shareholders request the Board issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its full value chain greenhouse gas emissions in alignment with the Paris Agreement's 1.5°C goal requiring Net Zero emissions by 2050.

SUPPORTING STATEMENT: Proponents suggest, at Board and Company discretion, that the report include:

- Disclosure of all relevant Scope 3 emissions;
- A timeline for setting 1.5°C aligned Scope 3 reduction goals;
- A climate transition plan to achieve emissions reductions goals across all relevant emissions scopes;
- Annual reports demonstrating progress towards meeting emissions reduction goals;
- Other information the Board deems appropriate.