Raytheon Technologies
2022 Environmental, Social
and Governance Summary

Our ESG strategy

In 2021, we formalized our ESG strategy, which sets forward-looking aspirations aligned with our impact areas and business strategy while supporting the advancement of people, lifting up underserved communities and addressing the global challenges of climate change. In 2022, we continued to build on and integrate this strategy throughout our businesses.
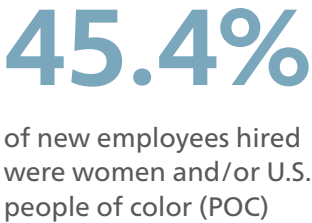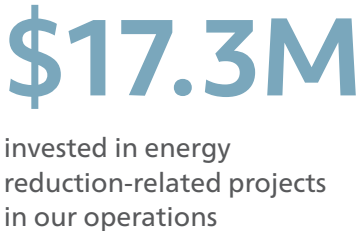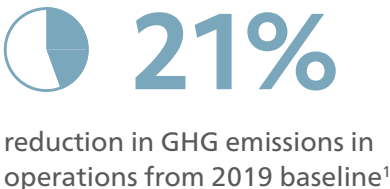
ASPIRATIONS

BY 2030 WE ASPIRE TO...

Decarbonize our operations by reducing our greenhouse gas (GHG) emissions by 46% from 2019 levels, which are in line with the Paris Climate Agreement's stretch goal of limiting the global temperature increase to 1.5 degree Celsius.

Achieve our Workforce 2030 goals, inclusive of our diversity, equity and inclusion (DE&I) aspirations, with focused talent and community investments, ensuring all current and future employees have an equitable opportunity to work, grow and belong.

BY 2050 WE ASPIRE TO...

Partner to achieve industrywide net-zero carbon emissions in civil aviation. To support the industry's goals, we aim to directly address 30% of air transport carbon dioxide (CO_2) emissions through the engines, aircraft systems and services in our 2050 civil fleet, relative to 2015 technology levels and the associated emissions baseline.
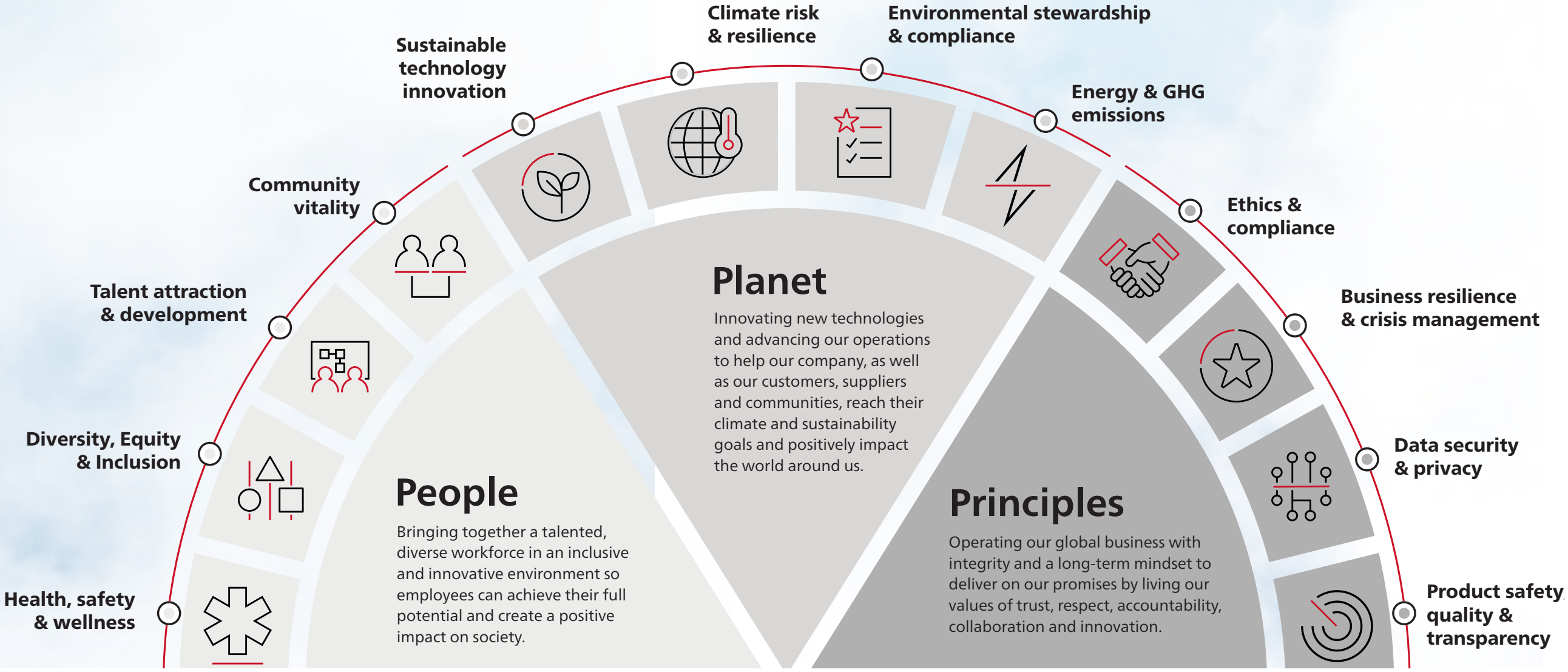
2022 PROGRESS

21%

reduction in GHG emissions in operations from 2019 baseline[1]

$17.3M

invested in energy reduction-related projects in our operations

45.4%

of new employees hired were women and/or U.S. people of color (POC)

[1] Raytheon Technologies selected a 2019 baseline for its GHG goal rather than 2020 because 2020 levels were impacted by COVID-19.

Our ESG **priorities**

Our commitment to innovation and collaboration drives our vision for a safer, more connected world, and underpins our ESG approach. Our ESG pillars – People, Planet and Principles – are essential components of the mission-critical work that we perform. The report that follows outlines our progress in 2022 against each of our prioritized ESG topics.[2,3]

Sustainable technology innovation

Climate risk & resilience

Environmental stewardship & compliance

Energy & GHG emissions

Community vitality

Ethics & compliance

Planet
Innovating new technologies and advancing our operations to help our company, as well as our customers, suppliers and communities, reach their climate and sustainability goals and positively impact the world around us.

Talent attraction & development

Business resilience & crisis management

Diversity, Equity & Inclusion

Data security & privacy

People
Bringing together a talented, diverse workforce in an inclusive and innovative environment so employees can achieve their full potential and create a positive impact on society.

Principles
Operating our global business with integrity and a long-term mindset to deliver on our promises by living our values of trust, respect, accountability, collaboration and innovation.

Health, safety & wellness

Product safety, quality & transparency

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[2] We identified our ESG priorities in 2021 based on a comprehensive assessment. More information can be found on page 8 of our 2021 ESG report.

[3] The metrics in this report have been rounded to three significant figures. Percentages have been rounded to two significant figures.

People.

Tackling the world's biggest challenges and finding answers to them hinges on the human spirit of exploration – the spirit to experiment, to create, to fail and to try again.

2022 PROGRESS HIGHLIGHTS

$51.2M

donated in corporate giving to community groups[4]

9

fully integrated Employee Resource Groups (ERG) with senior leadership sponsorship

88%

reduction in high and elevated ergonomic risks since 2015

31,900

new employees hired and onboarded

[4] The $51.2 million in 2022 corporate giving is comprised of $40.4 million in corporate grants and $10.8 million in corporate gifts that match employee donations made in cash or as in-kind contributions.

Attracting, developing and retaining **world-class talent**

Our Work, Grow and Belong framework guides all people-related initiatives at Raytheon Technologies, with a focus on creating equitable opportunities for all team members – current and future.

▍2022 PROGRESS

WORK

31,900
new employees hired and onboarded, including 10,500 new hires in early career roles

45.4%
of our new hires were women and/or U.S. people of color (POC)

GROW

2,480
employees moved to a different business unit or to the corporate office to evolve their careers through internal mobility

3,270
employees participated in leadership development programs

BELONG

9
fully integrated ERGs with senior leadership sponsorship

96%
of summer volunteers agreed that volunteering made them proud to work for Raytheon Technologies

Prioritizing **DE&I**

With support from our company's leadership, we implement our <u>Diversity, Equity & Inclusion (DE&I) strategy</u> across our four DE&I pillars for action.

▮ OUR DE&I PILLARS	▮ 2022 PROGRESS
WORKFORCE DIVERSITY Cultivating an environment of inclusion and innovation.	**32.7%** global women executives, up from 30.1% in 2021 **17.4%** U.S. POC executives, up from 16.6% in 2021
SUPPLIER DIVERSITY Driving economic empowerment and opportunity through increased spending with diverse suppliers.	**$7.0B** (28% of our U.S. spend) spent with small and diverse U.S. suppliers, up from $6.7B in 2021[5]
PUBLIC POLICY ADVOCACY Championing equality for all to advance equity, social justice reform and economic policy.	We continued or expanded our partnerships with the Congressional Black Caucus, the Asian Pacific American Institute for Congressional Studies and the Congressional Hispanic Caucus Institute.
COMMUNITY ENGAGEMENT Investing strategically in our global communities to drive tangible outcomes.	**$26.2M** invested in community programs focused on underrepresented communities[6]
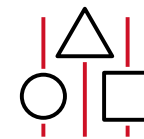
[5] Includes product and non-product suppliers. Excludes Intertrade and unaddressable spend.
[6] Data based on grants to nonprofit partners that serve beneficiaries meeting the following criteria: 50% or greater POC representation; 50% or greater women or gender diverse; or if the primary population served includes disabilities (mental/physical), LGBTQIA+ or military/veterans. Information is provided by nonprofit partners within grant applications on the Versaic (Benevity) platform.

Ensuring employee safety and well-being

We prioritize our employees' safety and well-being. All employees, from workers on the manufacturing floor to senior leaders, share a responsibility for our collective health and safety.

2025 WORKPLACE SAFETY GOALS	**100%/50%** reduction in high and elevated[7]/medium ergonomic risks[8]	**50%** reduction in high chemical and noise exposure risks[9]	**100%** implementation of near-miss reporting best management practices
2022 PROGRESS	**88%** decrease in high and elevated ergonomic risks since 2015	**80%** of applicable sites have met requirements to ensure robust near-miss reporting	**14%** decrease in high chemical and noise risks since 2021
	25% decrease in medium ergonomic risks since 2020		

[7] We use the 2015 baseline for high ergonomic risk, as both of our heritage organizations, Raytheon Company and United Technologies, had 2020 goals to reduce risk from that baseline. Our 2025 goal is a continuation of their original goals. Any new high or elevated risks identified from 2022 through 2024 through industrial ergonomic assessments will be incorporated into the baseline metrics and prioritized for risk reduction. Operations are expected to include ergonomic design considerations for all new processes to prevent the introduction of new high risks. As we head into the 2030 goal cycle, any high or elevated risks that were reduced to medium in the 2025 goal cycle will again be considered for additional risk reduction. Note that ergonomic risks related to the Rockwell Collins acquisition were added to the baseline in 2022; however, the 2025 goals were unchanged.

[8] The baseline for medium risk was set in 2020 after the merger when the 2025 goals were established. Any high or elevated risk reduced to a medium risk is excluded from the medium risk reduction goal. Note that ergonomic risks related to the Rockwell Collins acquisition were added to the baseline in 2022; however, the 2025 goals were unchanged.

[9] We conducted a complete analysis of chemical and noise risks in 2021 to establish this baseline. Any new high chemical/noise risks identified between 2021 and 2024 will be included in the baseline.

In April 2022, we hosted our second annual Global Month of Service, with employees volunteering their time across 164 cities and 13 countries.

Community **vitality**

We continue to dedicate our resources and talent to investing in and helping meet the needs of our communities to build a better future together. In particular, we are working to achieve tangible outcomes in underserved communities through our Connect Up initiative.

COMMITMENT

Invest $500 million in nonprofit community organizations through our Connect Up initiative by 2031.

$51.2M
donated in 2022
(up from $50.1M in 2021)
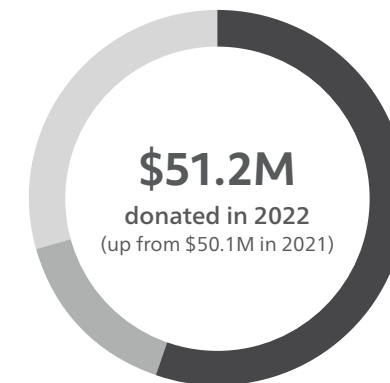
Lifelong learning	**55.4%**
Honoring service	**15.4%**
Local community	**29.2%**

OUR 2022 IMPACT

11.1M
people around the world reached by Raytheon Technologies programs

8,270
causes supported through volunteering and charitable grants

386,000
beneficiaries achieved verified social outcomes[10]

98%
of grant recipients agreed the grant helped them increase their impact

142,000
volunteer hours logged by employees

2,660
employees volunteered during the Global Month of Service

5,450
employees who volunteered through initiatives offered through our global platform

93%
of employees felt more connected to the company after volunteering for the summer work experience program

202,000
students progressed along the STEM talent pipeline through Raytheon Technologies-funded programs

[10] *Beneficiaries are defined by Impact Genome as individuals that a particular program directly serves. Outcomes are defined by Impact Genome as measurable changes in beneficiary status, behavior or condition. Both beneficiaries and outcomes are measured over a 12-month period.*

Planet.

We are innovating new technologies that reduce the environmental impact of our offerings and advance our operations.
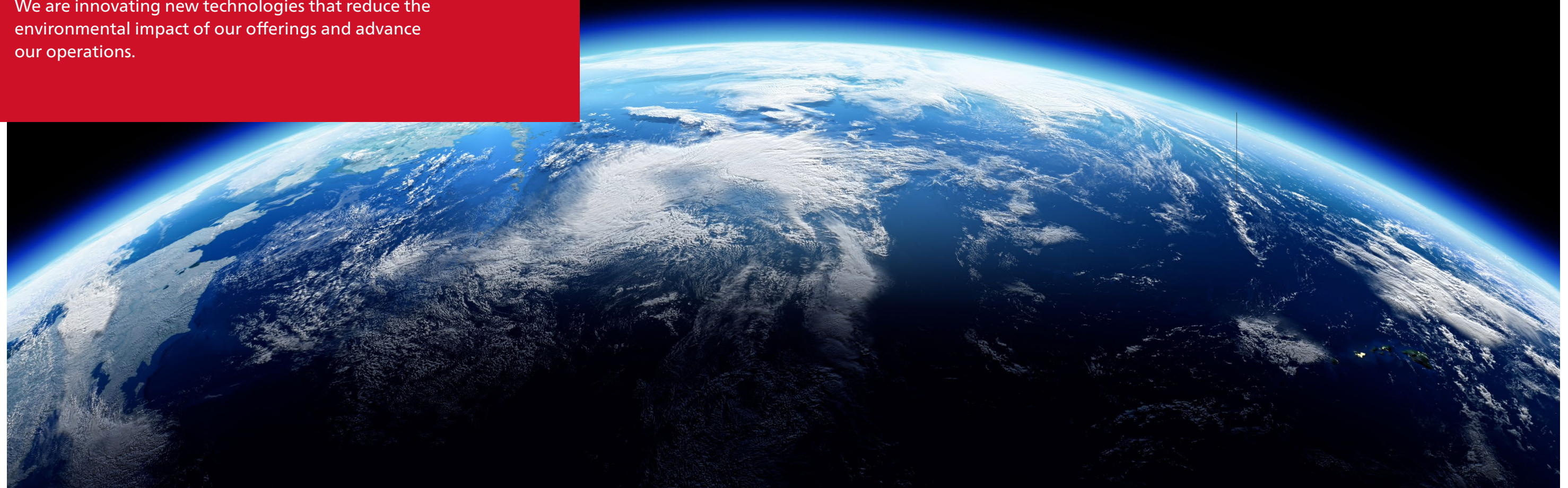
■ **2022 PROGRESS HIGHLIGHTS**

$7.1B

invested in customer- and company-funded R&D

First

successful engine run of our hybrid-electric propulsion technology demonstrator completed

$17.3M

invested in energy reduction-related projects in our operations

21%

reduction in GHG emissions in operations against 2030 goal since 2019 baseline[11]

[11] Raytheon Technologies selected a 2019 baseline for its GHG goal rather than 2020 because 2020 levels were impacted by COVID-19.

Advancing sustainable technology and innovation

Our environmental sustainability technology roadmap outlines our path to supporting the civil aviation industry's 2050 net-zero commitment across our products and services.

		■ 2035	■ 2050
ENGINES AND AIRCRAFT SYSTEMS	**Continuous engine efficiency improvements and technology advancements**	Develop capability for hybrid-electric turboprop propulsion technology with potential fuel savings of **30%**.[14] Launch-ready, hybrid-electric GTF engine with up to **25%** potential fuel burn reduction over GTF baseline with SAF.[15]	Launch-ready, advanced-cycle, hydrogen-burning engines that improve efficiency by **up to 35%** over GTF baseline.[15]
	Aircraft system improvements	Optimize the design of aircraft components and equipment to minimize weight and maximize energy efficiency, reducing fuel burn by **3%** per flight.[14]	Optimize the design of aircraft components and equipment to minimize weight and maximize energy efficiency, reducing fuel burn by **8%** per flight.[14]
AIRLINE, AIRPORT AND AIR TRAFFIC OPERATIONS	**Aircraft trajectory and ground operations improvements**	Develop next-generation technologies for air traffic and ground optimization, leading to **5%** emission reductions on average per flight.[14]	Develop next-generation technologies for air traffic and ground optimization, leading to **8%** emission reductions on average per flight.[14]
VALUE CHAIN PARTNERS	**Sustainable aviation fuels (SAF), and other alternative aviation fuels (AAFs), airframer efficiency improvements and operations improvements from other industry stakeholders[16]**	Support energy industry value chain partners to achieve **30%** SAF availability.	Support energy industry value chain partners to achieve **85%** SAF/AAF availability.

Driven by Raytheon Technologies

Supported by Raytheon Technologies

Estimated fleet impact

Aggregate emissions reductions from the 2050 civil fleet with Raytheon Technologies aviation products, relative to an inventory baseline with 2015 technology levels[12,13]

16% (22% for Pratt & Whitney only fleet)

8%

6%

60%

Remainder **10%**[17]

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[12] Values represent Raytheon Technologies' forecasted estimates for civil fleet net CO_2 emissions, relative to a 2015 technology baseline, using GHG Protocol for Project Accounting methods for our fleet of engines and systems. We adopted a 2015 technology baseline consistent with ATAG Waypoint 2050, which is a vision of net-zero aviation widely adopted by the industry. Several new, significantly fuel-efficient aircraft, including Airbus A320neo and Boeing 737 MAX, were introduced after 2015 and have been, and continue to be, adopted by airlines to replace older aircraft and to grow their fleet to serve traffic demand.

[13] This forecasting method adds direct emissions from aircraft engines to indirect emissions from non-engine related equipment mass, aerodynamic drag and secondary power extraction. As detailed guidelines for fully analyzing emissions for the aviation industry do not yet exist, the methodology used in the future may evolve with industry standards.

[14] Improvements measured over a baseline with 2015 technology levels.

[15] Improvements measured over a baseline with 2016 GTF technology levels.

[16] Airframers and other value chain partners enhance aircraft design to reduce drag and weight and improve overall vehicle fuel economy. This also includes technologies for air traffic optimization and infrastructure improvements from other value chain partners.

[17] Potential solutions for reducing the remainder include enhancing the advancements noted above to further reduce emissions or employing market-based mechanisms.

Continuous engine efficiency improvements and additional advancements

- **Engine efficiency:** Received more than 1,100 Pratt & Whitney GTF™ engine orders in 2022, which will reduce fuel consumption and carbon emissions by 16% to 20% over the previous generation of engines.

- **Engine efficiency:** Received certification for Pratt & Whitney 127XT-M™ turboprop engine, which offers 40% extended time on wing, 20% lower maintenance costs and 3% improvement in fuel efficiency.

- **Hybrid-electric:** Completed first successful engine run of our hybrid-electric propulsion technology demonstrator, a key milestone on the journey toward eventual installation and flight testing on a modified De Havilland Canada Dash 8-100 aircraft, targeted to begin in 2024.

- **Hybrid-electric:** Selected by the European Union Clean Aviation Joint Undertaking, which includes a consortium of aerospace technology companies to develop SWITCH technologies for integration into the GTF engine architecture. As the first single-aisle class engine demonstration to incorporate both hybrid-electric propulsion and Water Enhanced Turbofan (WET) technologies, it has a target to provide up to 25% improvement in fuel burn over current GTF and associated emissions.

- **Advanced cycles:** Launched our HySIITE project to achieve zero in-flight CO_2 emissions, while reducing nitrogen-oxide (NOx) emissions by up to 80% and reducing fuel consumption by 35% over the current GTF.

Aircraft system improvements

- Selected to participate in six additional projects under the European Union's Clean Aviation Joint Undertaking, collaborating with European airframers, engine makers, suppliers and academia to develop disruptive sustainable aviation technologies, including demonstrators for hybrid-electric powered aircraft and ultra-efficient short- and medium-range aircraft, thermal management and systems for novel wing designs.

- Clean Sky 2 Partnership: Achieved Technical Readiness Level (TRL) 5 on a high-performance gas expansion approach to develop the next-generation fire suppression system. It will use nitrogen, which is environmentally friendly and widely available as an alternative to halon. Under this partnership, we also achieved TRL 5 on an adaptive environmental control system that reduces the amount of fresh air required in cabin ventilation while maintaining cabin air quality and passenger comfort. This innovative technology is expected to save approximately 2% in aircraft fuel.

- We received a four-year grant from the French Civil Aviation Authority to develop next-generation actuation systems, which will offer a lighter and more compact advanced motorized gearbox and better thermal management compared to existing systems, resulting in improved engine efficiency.

Aircraft trajectory and ground operations improvements

- Selected by the Federal Aviation Administration (FAA) to provide technical refresh and dual-frequency operation upgrades to its Wide Area Augmentation System (WAAS), a space-based precision navigation system that is fundamental to efficient aircraft trajectory operations.

- Launched FlightHub™, which provides pilots with real-time route recommendations that enable a more efficient flight path and reduce fuel consumption and emissions.

- Achieved a technical standard order for our combined vision system for business aviation aircraft, providing clarity to pilots in all types of weather to confidently and securely navigate through low-visibility situations, saving fuel and reducing CO_2.

Value chain partners

- Completed four of the first Pratt & Whitney flight tests using 100% hydroprocessed esters and fatty acids synthetic paraffinic kerosene (HEFA-SPK) SAF without aromatics on Pratt & Whitney engines, including GTF™ engines in addition to other engines.
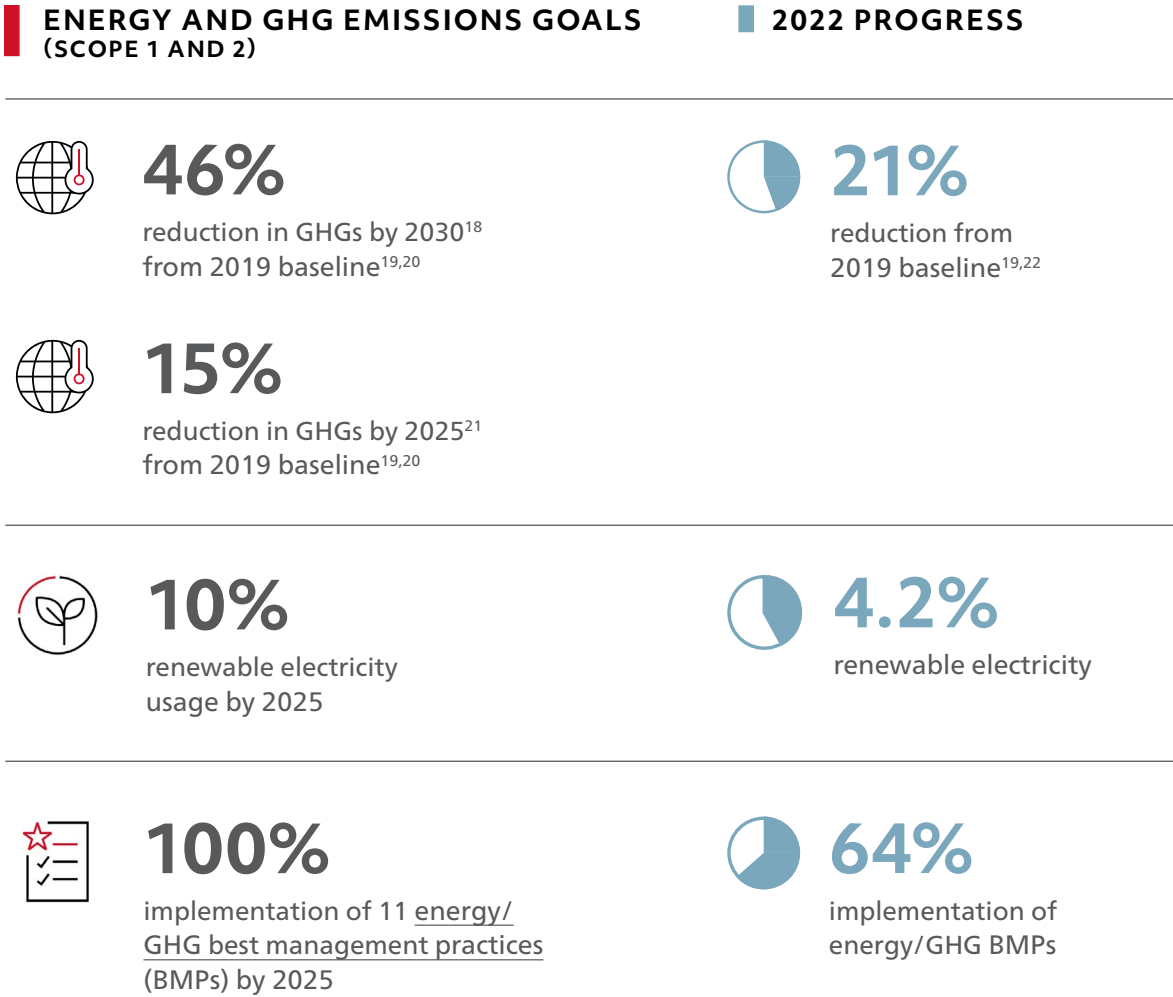
Driven by Raytheon Technologies

Supported by Raytheon Technologies

Energy and GHG emissions in our operations

We recognize our responsibility to operate our facilities in ways that efficiently use resources and minimize emissions to help respond to climate change. We have developed robust programs and organizationwide reduction goals and track progress regularly to ensure we meet our commitments.

Decarbonizing our operations

Our combined Scope 1 and Scope 2 market-based GHG emissions in 2022 were 1,433,300 metrics tons of CO_2e – 21% lower than our 2019 emissions. This includes a 12% reduction in energy consumption from our 2019 baseline, exceeding our reduction goal of 2.5% by 2025. In 2022, we launched our renewable energy roadmap, which focuses regionally on offsite procurement opportunities such as physical power purchase agreements, utility green options and community solar programs. We had 44 renewable electricity projects and contracts around the globe (including 13 that started in the past two years), generating 111,100 megawatt hours in 2022.

ENERGY AND GHG EMISSIONS GOALS (SCOPE 1 AND 2)

2022 PROGRESS

46%
reduction in GHGs by 2030[18] from 2019 baseline[19,20]

21%
reduction from 2019 baseline[19,22]

15%
reduction in GHGs by 2025[21] from 2019 baseline[19,20]

10%
renewable electricity usage by 2025

4.2%
renewable electricity

100%
implementation of 11 energy/ GHG best management practices (BMPs) by 2025

64%
implementation of energy/GHG BMPs

[18] Aligned with a 1.5 degree Celsius science-based reduction pathway, which is the stretch goal in the Paris climate agreement, and consistent with the Science-Based Target Initiative guidance.

[19] In 2022, we updated our GHG emission reduction goal and progress against the goal to account for scope 2 market-based emissions. This is updated from previously disclosing scope 2 location-based emissions on our 2021 ESG Report. We continue to calculate scope 1 and 2 emissions following the principles and guidance from the GHG Protocol.

[20] Raytheon Technologies selected a 2019 baseline for its GHG goal rather than 2020 because 2020 levels were impacted by COVID-19.

[21] Aligned with a well-below 2 degrees Celsius science-based reduction pathway as identified in the Paris climate agreement, and consistent with the Science-Based Target Initiative guidance.

[22] Our GHG and energy reductions are due in part to the impacts of COVID-19 on commercial aviation. We anticipate that those reductions will erode as travel increases, and will continue to monitor our progress against our 2025 goal.

Environmental Stewardship

As stewards of the environment, we are committed to driving pollutants in our manufacturing processes to the lowest achievable levels and conserving natural resources in the design, manufacture, use and disposal of our products and the delivery of our services.

2025 WATER GOALS

10%
reduction in water consumption from 2019 baseline[23]

100%
implementation of nine water BMPs[25]

2022 PROGRESS

15%
reduction from 2019[23,24]

72%
implementation of water BMPs

2025 WASTE GOALS

10%
reduction in waste sent to landfill and incineration from 2019 baseline[26]

100%
implementation of 11 waste BMPs[28]

2022 PROGRESS

22%
reduction in landfill/ incineration waste from 2019 baseline[26,27]

74%
implementation of BMPs

[23] Raytheon Technologies selected a 2019 baseline for its water goal rather than 2020 because 2020 levels were impacted by COVID-19.

[24] Our water consumption reductions are due in part to the impacts of COVID-19 on commercial aviation. We anticipate that those reductions will erode as travel increases, and will continue to monitor our progress against our 2025 goal.

[25] All nine water BMPs (listed above) apply to sites consuming a minimum of five million gallons or more of potable water per year.

[26] Raytheon Technologies selected a 2019 baseline for its waste goal rather than 2020 because 2020 levels were impacted by COVID-19.

[27] Our landfill/incineration waste reductions are due in part to the impacts of COVID-19 on commercial aviation. We anticipate that those reductions will erode as travel increases, and will continue to monitor our progress against our 2025 goal.

[28] All 11 waste BMPs apply to sites that generate 150 tons or more of waste per year.
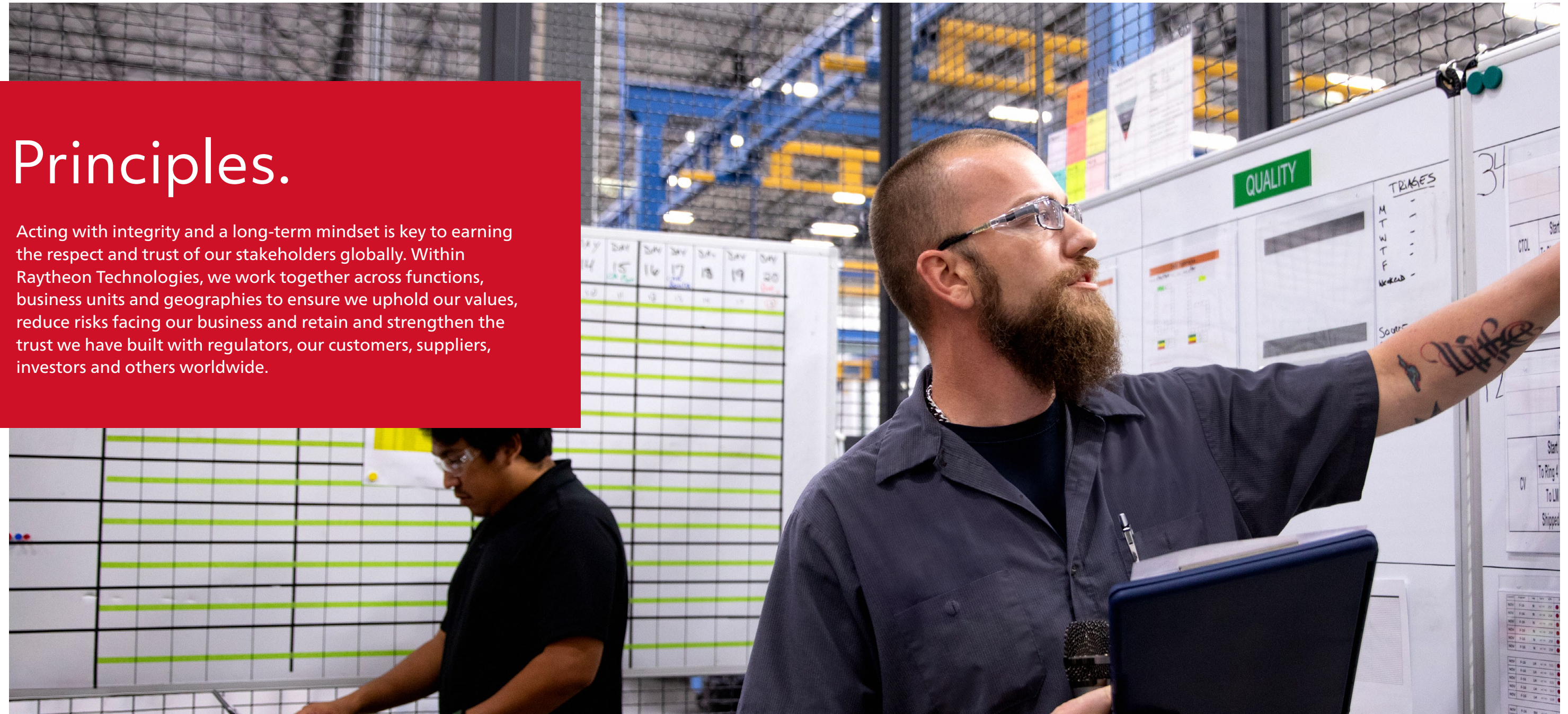
Principles.

Acting with integrity and a long-term mindset is key to earning the respect and trust of our stakeholders globally. Within Raytheon Technologies, we work together across functions, business units and geographies to ensure we uphold our values, reduce risks facing our business and retain and strengthen the trust we have built with regulators, our customers, suppliers, investors and others worldwide.

2022 PROGRESS HIGHLIGHTS

100%

of Raytheon Technologies facilities and sites that provide products and services have a certified Quality Management System (QMS) or have a plan to achieve certification appropriate to the business.

100%

of our planned Threat and Vulnerability Assessments and Physical Security Assessments at key sites were completed in the past two years.

Product safety and quality as a core value

Our products protect nations, enable people to travel the world and propel the transport of goods and services. Their quality and safety are essential to our business – and a focus for all Raytheon Technologies activities.

Our promise to our customers and their end users is straightforward: We design, manufacture, service and maintain safe products that meet or exceed all applicable government standards, industry regulations and customer requirements for safety and product quality. This promise has been core to how we have operated for more than 100 years.

Data security and privacy

We place the utmost importance on enterprise cybersecurity, product security and data privacy. In 2022, we continued to address ever-expanding risks related to cybersecurity across an evolving threat landscape. This included strengthening our prevention and detection capabilities to help ensure a consistent and comprehensive approach across the enterprise.

■ PROTECTING CYBER ASSETS

To prevent, detect and respond to cybersecurity risks for our 182,000 employees we:

Analyze more than
9.9B
web requests per week, blocking an average of

429M
web requests that are classified as dangerous.

Monitor networks in over
60
countries, protecting millions of digital assets.

Reject approximately
47M
unwanted or unsafe emails per week.

Capture more than
300
terabytes per day of full network packet data.
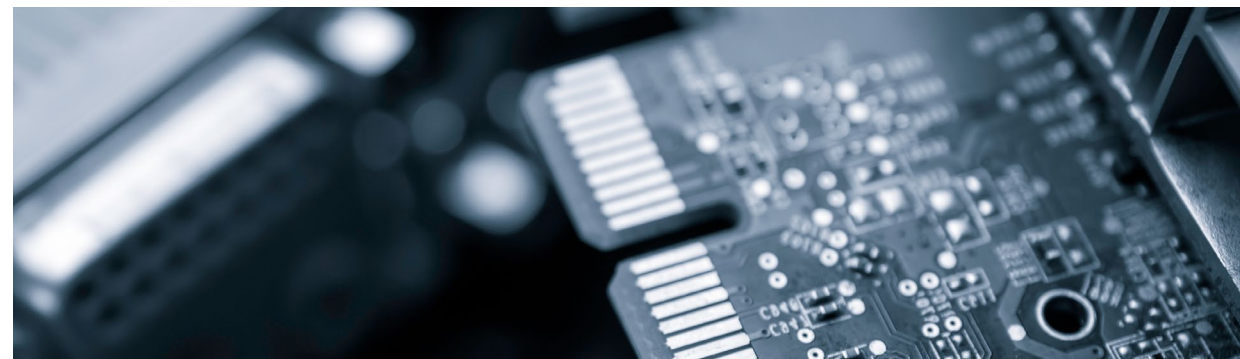
Ensuring business resilience and crisis management

Our business resilience and crisis management (BRCM) approach enables us to work across our organization to take preemptive action and respond to potential threats or incidents anywhere in the world they occur. In 2022, we continued to align and standardize our BRCM assessment processes and communications across our business units. We also created tools to help business units conduct assessments and prioritize risk based on probability of occurrence, severity and recovery capabilities.

Our BCRM program also provides a key role in identifying and managing physical climate-related risks. The program helps sites identify, assess, prepare for and respond to severe weather threats such as hurricanes and flooding, while also accounting for risks associated with longer-term chronic physical changes in weather patterns, sea level rise, temperature increases, drought and other climate change impacts.

Advancing human rights

We are committed to respecting human rights as reflected in our Code of Conduct, our culture, our values and our operating principles. It is also reflected in our enterprise Human Rights Policy, which sets forth the principles we expect our business units and employees, as well as our customers, suppliers and other partners, to uphold. In 2022, we added human rights-related questions to our annual supplier certifications and initial screening and onboarding requirements.

We partner with governments to actively support efforts to protect human rights, economic security and national security. Our exports of military and security items outside of the U.S. are subject to an exacting U.S. government review and approval process is inclusive of a human rights assessment and is designed to ensure our overseas sales support U.S. foreign policy and national interest.

A foundation of ethics and compliance

Our Global Ethics and Compliance program builds on the foundation of our corporate values of trust, respect, accountability, collaboration and innovation. We articulate our expectations and guidelines for ethical behavior in our Code of Conduct, which applies to all employees at all levels. We require employees to complete annual ethics and compliance education. In addition, anti-corruption education is required of employees who are identified by each business unit as needing to understand corruption risk in the global business environment. We provide multiple avenues for employees to raise concerns and have a strict policy prohibiting retaliation against anyone who raises a concern in good faith or participates in the investigative process.

Our ESG **journey**

We are committed to transparency and regular reporting on our performance in helping people and the planet, as well as how we embody our principles. For more details on our ESG strategy, including areas not discussed in this summary, please refer to our full 2022 ESG Report and Appendix at rtx.com/social-impact/our-esg-vision.