

Decarbonizing our operations



Our expanded climate-related goals for our operations

15%

reduction in GHGs by 2025 from 2019

10%

renewable electricity usage by 2025

2.5%

reduction in energy consumption by 2025 from 2019

46%

reduction in GHGs by 2030 from 2019

100%

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

Greenhouse gas emission reduction from our operations is a key element of our sustainability program. 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 organization-wide reduction goals and track progress regularly to ensure we meet our commitments.

These efforts are overseen by our corporate senior vice president of operations and supply chain, who is the highest ranking internal official responsible for climate change and sustainability. At the Board level, the Governance and Public Policy Committee provides

oversight on climate-related issues, and the full Board is also periodically briefed on climate-related initiatives. In addition, our emission reduction targets are part of the “Sustainability & Safety” objectives under our Corporate Responsibility Scorecard (CRS) to our Executive Annual Incentive Plan.

In 2021, we announced a goal to reduce GHGs from our operations 10% by 2025 from 2019 levels. Due to the increased urgency of the climate crisis, we are setting a longer-term, more aggressive GHG goal that aligns with a 1.5 degree Celsius science-based pathway as identified in the Paris climate agreement. Our new goal is to reduce emissions by 46% by 2030

from 2019 levels. Limiting global warming increase to 1.5 degree Celsius is increasingly being recognized as what is needed to prevent the most harmful effects of climate change. As an interim milestone toward our 2030 goal, we are raising our 2025 GHG goal to 15% (market-based) to align with a “well below 2 degree Celsius” science-based pathway.

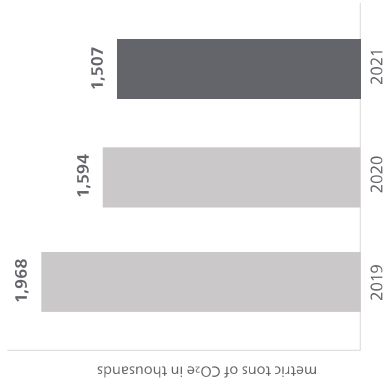
In addition, we are setting renewable electricity and energy consumption goals that will support and guide our GHG reduction efforts. We selected a 2019 baseline because it is the most recent year not impacted by COVID-19.

While decarbonizing our operations is important, we recognize that decarbonizing along our value stream to address Scope 3 GHG emissions, particularly associated with the use of our products, has the potential for a much more significant impact on our overall emissions. (See “On the path to decarbonize aviation” for our commitment to addressing our product emissions.) In addition, we are working to improve our measurement of relevant categories of Scope 3 emissions.

Energy and greenhouse gas emissions

Our original 2025 GHG goal included Scope 1, Scope 2 and Scope 3 business travel emissions. Scope 1 emissions are those directly released from our facilities, such as combustion of natural gas or jet fuel for engine testing. Scope 2 emissions are primarily from electricity use. Scope 3 business travel includes employee business air travel and car rental. In future years, we will be tracking performance towards our Scope 1 and Scope 2 (market-based) GHG reduction goals.

Total GHG emissions in our original goal



Note: Raytheon Technologies adheres to the GHG Protocol and the U.S. EPA standards for our GHG accounting metrics. GHG data is validated each year by a third party consistent with ISO 14064 (greenhouse gases). Figures represent Scope 1, Scope 2 (location-based) and Scope 3, Category 6 (business travel). Figures from 2020 and 2021 reflect reduced GHG emissions due to the COVID-19 pandemic's effect on the commercial aviation sector business.

Our GHG emissions in 2021 were 1,507,000 metric tons of CO₂e—23% lower than our 2019 emissions. Our Scope 1 emissions represent 34% of that total, while Scope 2 (location-based emissions) represents 62% and Scope 3 business travel makes up 4%. However, our 2021 GHG emissions are lower than is typical due to the effects of the COVID-19 pandemic. We expect our GHG emissions to increase over the next couple of years.

Another 2025 goal is 100% implementation of energy/GHG best management practices (BMPs) by 2025. These are 11 proven processes and initiatives that help reduce energy use and emissions. As of the end of 2021, we have implemented 47% of them. These practices include evaluating building automation, reviewing our HVAC systems, improving equipment maintenance programs and implementing lighting updates.

Reducing energy consumption

Within our operations, energy consumption accounts for approximately 90% of our GHG emissions. Therefore, a central decarbonization strategy involves reducing energy consumption and improving energy efficiency in our operations. We are constantly looking to identify and execute energy conservation and efficiency projects. In 2021, Raytheon Technologies business units invested over \$12 million in energy reduction-related projects. To help drive our energy reductions, we established a goal to reduce energy consumption 2.5% by 2025 from 2019 levels.

Sites conduct energy and GHG assessments, surveys and “treasure hunts” to identify potential projects. They also perform “Gemba” walks on an ongoing basis to talk to the process owners in specific areas about ways to improve energy efficiencies, since the best ideas often come from employees who work in the areas. In 2021, we implemented more than 100 energy reduction projects of various size and reach.

We have established a cross-functional team to assist business units and sites in their energy reduction programs. The Conserving Raytheon Technologies Energy & Water (CREW) team oversees the standardizing of policy and processes, assists in program implementation and shares best practices.

Our strong energy programs earned Raytheon Technologies the 2021 ENERGY STAR® Partner of the Year – Sustained Excellence Award from the U.S. Environmental Protection Agency.



**ORIGINAL EMISSIONS
2025 GOAL**

10%

reduction of GHG emissions from 2019 baseline

**EMISSIONS GOAL
PROGRESS**

23%

reduction of GHG emissions since 2019



Renewable electricity usage

Renewable electricity is another important component of our decarbonization strategy. We are involved in over 30 renewable electricity projects and contracts around the globe that generated 92,000 megawatt hours in 2021. In addition to 22 renewable projects located on-site at company locations, we also purchased renewable electricity from offsite projects. One of our largest renewable energy contracts began in 2021 at Pratt & Whitney's site in West Palm Beach, Florida, through their participation in an off-site community solar program. In addition, several Collins and RI&S sites in the UK are buying green power equal to 100% of their consumption.

Currently, 3.5% of our electricity, inclusive of all global sites, is from renewable energy resources (up from 1.5% in 2020) and we are actively looking to increase this proportion. As part of our expanded climate commitment, we set a goal to achieve 10% renewable electricity by 2025.