

Human Rights Impact Assessment

Resolved: Shareholders request the Board of Directors publish a report, at reasonable cost and omitting proprietary information, with the results of a Human Rights Impact Assessment, examining Raytheon's actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas and/or those violating international law.

Whereas: Raytheon Technologies Corporation (Raytheon) is exposed to significant actual and potential adverse human rights risks. The use of its defense products and services may violate the rights to life, liberty, personal security, and privacy. The UN Guiding Principles on Business and Human Rights (UNGPs) constitute the global authoritative framework outlining human rights responsibilities of states and businesses, and expectations are heightened for companies with business activities in conflict-affected and high-risk areas.¹ Companies' human rights responsibilities are independent of the state's export licensing determinations, as reiterated in a recent United Nations note.²

Raytheon's Human Rights Policy is not aligned with the UNGPs, and investors lack evidence it is effectively implemented across business functions. Disclosure on human rights impact assessments (HRIAs) and remedy is absent. An Amnesty International report found that Raytheon is not meeting its human rights responsibilities.³ Raytheon's products have been directly linked to human rights violations in Yemen through sales to Saudi Arabia, who has repeatedly targeted civilians.⁴ In January, laser-guided bombs manufactured by Raytheon killed at least 80 civilians and injured over 200, potentially amounting to war crimes.⁵ In August, Raytheon received a \$3.05 billion contract to provide Saudi Arabia with guided missiles.⁶

Raytheon frequently sells weapons to foreign governments with poor human rights records,⁷ including \$4 billion in 2022 to Egypt, Morocco, and Kuwait,⁸ countries that systematically target human rights defenders, journalists, and political dissidents.⁹ Raytheon also sells weapons to Israel,¹⁰ which are used to maintain the system of apartheid.¹¹ Furthermore, in 2021, Raytheon received a \$2 billion contract for nuclear weapons, which are illegal under international law.¹² The Company may be required to disclose more about its nuclear weapons involvement to avoid prosecution or legal proceedings.

¹ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

² <https://www.ohchr.org/sites/default/files/2022-08/BHR-Arms-sector-info-note.pdf>

³ <https://www.amnesty.org/en/documents/act30/0893/2019/en/>

⁴ <https://www.aljazeera.com/news/2022/2/7/yemen-intensifying-war-worsens-worlds-worst-civilian-crisis>

⁵ <https://www.amnesty.org/en/latest/news/2022/01/yemen-us-made-weapon-used-in-air-strike-that-killed-scores-in-escalation-of-saudi-led-coalition-attacks/> ; <https://www.hrw.org/news/2022/04/18/yemen-latest-round-saudi-uae-led-attacks-targets-civilians>

⁶ <https://www.dsca.mil/press-media/major-arms-sales/saudi-arabia-patriot-mim-104e-guidance-enhanced-missile-tactical>

⁷ https://paxvoorde.nl/media/download/PAX_REPORT_HIGHRISK_ARMS_TRADE.pdf

⁸ <https://www.dsca.mil/press-media/major-arms-sales/egypt-tow-2a-radio-frequency-rf-missiles-and-support>;
<https://www.dsca.mil/press-media/major-arms-sales/morocco-ground-command-and-control>;
<https://www.dsca.mil/press-media/major-arms-sales/kuwait-national-advanced-surface-air-missile-system-nasams-medium>

⁹ <https://www.amnesty.org/en/location/middle-east-and-north-africa/report-middle-east-and-north-africa/>

¹⁰ <https://masspeaceaction.org/why-blame-raytheon/>

¹¹ <https://www.amnesty.org/en/documents/mde15/5141/2022/en/>

¹² https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch_XXVI_9.pdf

Failure to meet its human rights responsibilities exposes Raytheon to divestment risk as investments increase in Environmental, Social, and Governance funds.¹³ Raytheon is additionally exposed to increasing regulatory risk as the proposed National Defense Authorization Act limits arms sales to Saudi Arabia and bans sales to countries committing genocide or war crimes, expands congressional oversight of relevant sales, and broadens end-use human rights monitoring of transfers.¹⁴

New guidance from the American Bar Association explains how human rights risk assessments can reduce material risks, including divestment, export bans, and civil liability.¹⁵ An HRIA can mitigate Raytheon's continuity risks as increased federal oversight on customer end-use may limit or cancel existing or future contracts.

¹³ <https://www.bloomberg.com/company/press/esg-may-surpass-41-trillion-assets-in-2022-but-not-without-challenges-finds-bloomberg-intelligence/>; <https://www.bloomberg.com/opinion/articles/2022-03-25/industrial-strength-defense-stocks-search-for-their-place-in-the-esg-universe-l16s9bcq>; <https://weaponfreefunds.org/>

¹⁴ <https://www.congress.gov/117/bills/hr7900/BILLS-117hr7900pcs.pdf>

¹⁵ https://www.americanbar.org/content/dam/aba/administrative/human_rights/justice-defenders/chr-due-diligence-guidance-2022.pdf