

SUPPLIER GUIDE

DOING BUSINESS WITH RAYTHEON

One team accomplishing
a global mission



Raytheon



IT'S A **WHOLE NEW** WORLD

One global team creating trusted,
innovative solutions to make the
world a safer place.

THE CHANGING WORLD

THE WORLD JUST GOT SMALLER!

National borders no longer guarantee safety with the advent of worldwide terrorism, political instability and civil unrest. Defense strategies that were the outgrowth of the Cold War have had to undergo major changes. Raytheon has been at the forefront of this change to meet the challenges no matter where they arise in the world. Working with our customers, we continue to invest in new products, technologies and solutions that enable the service member to be successful.



SUPPORTING THE SERVICE MEMBER



What Is Being Asked of the Service Member?

Serve their country, defend it at all costs with their lives “as the last full measure of devotion.” Much is expected of our service member; we recognize more should be expected from Raytheon!

That is our commitment to the service member expect more from us.

GLOBAL CAPABILITY AND REACH

A WORLD OF OPPORTUNITY

Our global base is expanding and we're looking for in-country suppliers and business partners that provide a strategic differentiator. We're creating jobs and fueling the global technology economy of the future.

While we've had international customers for decades, the percentage of our revenue that comes from Europe, Middle East, Africa and Asia Pacific is growing dramatically. With that shift come new opportunities and challenges.

A Shared Mission

Raytheon provides mission support for customers in more than 80 countries. That footprint will expand in the coming years and we're looking to build partnerships with companies and individuals who can help us deliver on our offset obligations and strengthen our relationships with local customers.

MODERN CHALLENGES REQUIRE MODERN BUSINESS PRACTICES

The Aerospace and Defense Industry is undergoing a major restructuring as defense budgets are reduced, placing more emphasis on affordability, multiyear program commitments and competitive market pricing. The affordability challenge will have a direct impact on Raytheon's competitiveness and our ability to pursue and win new contracts — all of which accrues to the benefit or detriment of our supply partners.





DEALING WITH ONE **RAYTHEON**

We are one team: focused on the same mission, holding the same values, working to one vision.

ONE MISSION. ONE STRATEGY. ONE COMPANY.

IT STARTS WITH THE CUSTOMER.

Mission: Affordable Quality Solutions On-time, Every Time: At Raytheon, everything starts with the customer. We strive to solve their toughest challenges in an environment with little room for error. Our vision reflects that focus: We are one global team creating trusted, innovative solutions to make the world a safer place.

- We are one global team, across our company and with our suppliers and partners because innovation comes from a diversity of thought and ability.
- We provide trusted, innovative solutions that work the first-time every time because customers are focused on the mission and their lives are depending on our technology.
- We make the world a safer place by delivering affordable products to customers who face existential threats with limited budgets.

SUPPLIER DIVERSITY

We are building an inclusive culture through our supplier diversity initiatives. The company's supplier diversity program provides an inclusive environment to do business with small, minority-owned, women-owned, veteran-owned (including service disabled veterans), and HUBZone businesses.

Additional information and resources are available on the [Raytheon Supplier Diversity](#) website.

RAYTHEON'S VISION AND VALUES

Raytheon's vision and values are the foundation of our company. They serve as the roadmap for our accomplishments and the benchmark by which we measure our performance each year.

Learn more about our [Code of Conduct](#) and our [commitment to ethics](#).



PRIORITIZING SUSTAINABILITY

At Raytheon, environmental responsibility is fundamental to our mission, as we continually work toward a sustainable future, where future generations can enjoy a thriving environment. As shown with our [2020 Sustainability Goals](#), an ambitious five-year plan driven by our sustainability materiality assessment, we have challenged ourselves to continually improve on past performance. From product design and internal engineering, to process improvement and innovative resource management, we aim to [integrate principles of sustainability](#) and empower our employees and supplier partners to do the same.

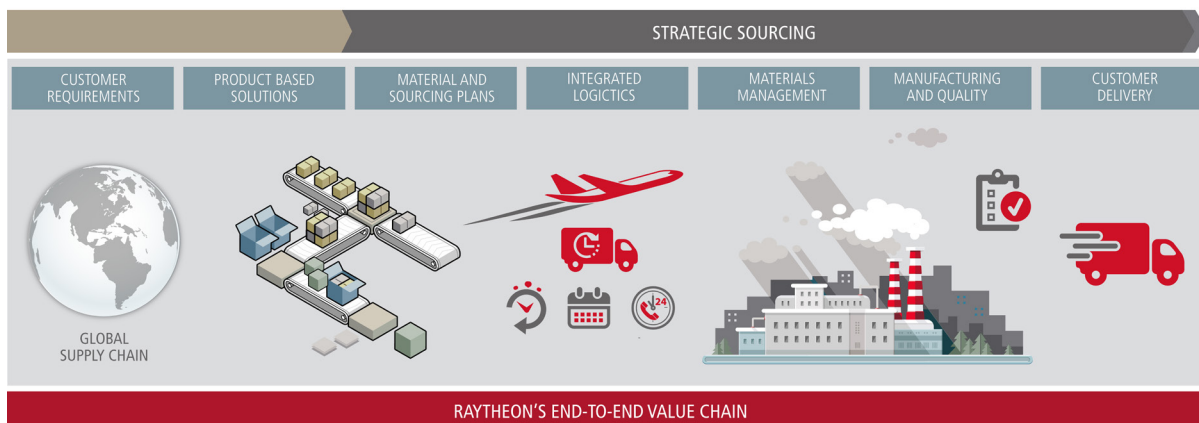
More about Raytheon's commitment to Corporate Responsibility and Sustainability, is found on the [Raytheon Corporate Responsibility](#) homepage.

A VALUE-FOCUSED STRATEGIC SOURCING STRATEGY

Moving from Procurement to Strategic Sourcing: Sourcing at Raytheon has undergone a seismic shift in recent years as we explore and adopt new strategies to help our customers tackle the geopolitical and budgetary challenges they face. That includes holding ourselves accountable for delivering the solutions we promised, at the price we promised, when we promised. By strategically sourcing, Raytheon:

- Ensures sourcing considerations play a role in product design
- Brings the full weight of our \$23-billion company to every sourcing decision
- Unites the company, across businesses, functions, and with our suppliers, behind long-term goals for technology development
- Improves supplier relationships and accountability

TURNING SUPPLY CHAINS INTO VALUE CHAINS



Strategic Partnerships, Benefiting All Parties

- Raytheon's customers – by driving affordable, quality solutions
- Raytheon's suppliers – by offering long-term, higher-volume contracts
- Raytheon – by reducing material cost and increasing probability of winning new business

the RESULTS





THE COMPETITIVE **PARTNERS** PROGRAM

In an ever-changing global marketplace, our collaboration with our suppliers is critical to customer success.

PROGRAM GOALS AND OBJECTIVES

- Establish a smaller yet more effective, responsive, and motivated supply base that is willing to make strategic commitments to Raytheon.
- Reward our most competitive and highest performing suppliers with substantial multiyear purchase commitments and performance incentives.

A restructured supply base will lead to preferential relationships with a more select set of strategic suppliers. Suppliers that are competitive on technology, performance and cost will be favored.

This will not be at the expense, though, of continuing to invest in and develop new partners. Raytheon is committed to a diverse supply base that reflects the demographics and values of our company, customers, and the communities in which we operate.

PROGRAM REQUIREMENTS AND QUALIFICATIONS

The program builds on and extends our Preferred Supplier List qualification to a select set of suppliers to increase the competitive value of our supply base.

MUTUAL BENEFITS AND REWARDS: RAYTHEON AND SUPPLIER BENEFITS

Suppliers will be awarded business on a multiyear basis under a Strategic Sourcing Agreement.

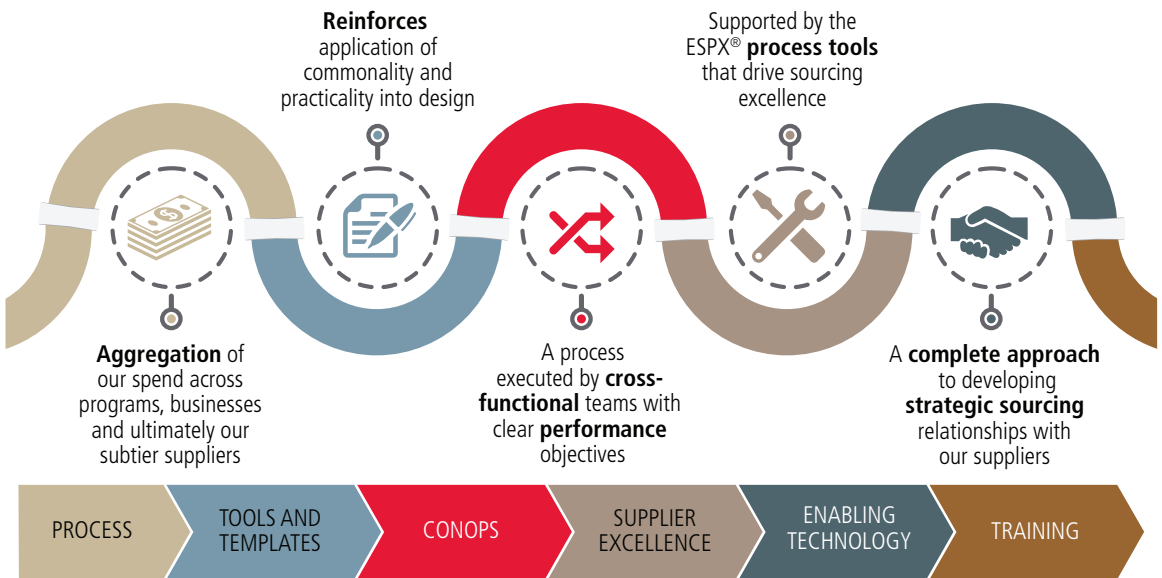
There will be less competitive bids with excessive proposal preparation costs and tight deadlines.



THE ESPX[®] FRAMEWORK AS A FOUNDATION

Strategic Sourcing is **WHAT** we do, and the ESPX[®] Framework is **HOW** we do it!

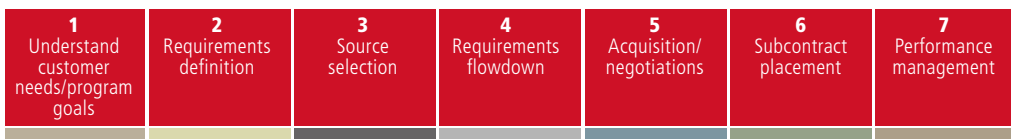
The ESPX[®] Framework is Raytheon's cross-functional platform for sourcing affordability execution. The ESPX[®] Framework is comprised of three interwoven strategies: collaborative program capture and execution, strategic sourcing, and supplier performance management.



How the ESPX[®] Process Works!

The ESPX[®] process is a clearly defined, cross-functional, seven-step process that enables Raytheon to reduce cost, drive quality and develop strategic relationships with suppliers.

ESPX[®] ENTERPRISE SOURCING & PERFORMANCE EXCELLENCE FRAMEWORK





DOING

BUSINESS

WITH RAYTHEON

We want the best. When you're on our team, we expect the best. You should expect the same from us.

SUPPLIER VIEW OF RAYTHEON AS A PARTNER

Raytheon's goal is to have a shared definition of the ideal relationship. Do both parties:

- Fulfill commitments
- Communicate well
- Deliver value for money
- Improve my businesss

Are both parties:

- Competent
- Reliable and credible
- Responsive and accessible



ALIGNING MISSIONS, VALUES AND RELATIONSHIPS

The value to both parties must be sufficient that they will be willing, disciplined and motivated (rewarded) to resolve issues to achieve the desired relationship. This means that both parties need to have a common view of what relationship is desired. This is where our ESPX® “IDEAL” supplier profile comes into the picture. It starts the dialogue by getting all stakeholders involved to assess requirements, set expectations and communicate more effectively.

We have our suppliers rate us as a customer to improve the relationship and deliver greater value to our end customers. Knowing how both parties compare each other versus the “IDEAL” is an Ideal starting point.



COMMITMENT REQUIRES PERFORMANCE

The critical elements of commitment:

- Align supplier and Raytheon goals with the goals of both organizations
- Foster trust, joint accountability and ongoing partnership between counterparts
- Communicate constantly – regular two-way feedback
- Make sure both parties know both the “what” and “how” of performance
- Recognize accomplishments and the right behaviors
- Be simple and straightforward



SUPPLIER PERFORMANCE – SELF ASSESSMENT

Performance responds to the level of demand placed upon it. Both Raytheon’s performance and that of our supplier’s reflect the combined organizations’ experience, strengths, capabilities and resources to fulfill a specific requirement within an acceptable level of risk. This is the essence of our ability to perform together to achieve the desired customer goals.

This is why Raytheon, supplier teams and individual efforts must be coordinated and integrated using readily understood and relevant measures and metrics. Implementation must address both systematic and execution risk to achieve high performance levels. This is why we ask our suppliers to take the first step with a self-assessment of how to improve performance. Tell us what could be done better. Tell us what is required of Raytheon. Let’s make performance the basis of our relationship.

THE CLIENT SERVICE PLAN – YOU TELL US!



YOUR VALUE PROPOSITION EXPANDING YOUR BUSINESS

We adopted a “one-company” strategic-sourcing approach to better align, leverage and obtain greater value from our supply base across all of our business units. The implications on our supply chain are far-reaching and dramatic but we realize that how we manage the supply chain is at the heart of how we must do business as an aerospace and defense integrator.

Thus, one of our major goals is to continue to establish value-based strategic relationships with a select set of suppliers that are effective extensions of our engineering, manufacturing and service delivery.

The bottom line is that we will continue to focus on cost competitiveness to deliver more affordable solutions. For those suppliers that have a compelling value proposition and desire a strategic relationship, this is a significant opportunity. That is where your company comes into the picture. Make your value proposition to us so compelling that we will be a reliable, strategic and profitable customer to sustain and grow your business.

GETTING STARTED!

A Request for Customer Service Plan will be issued when the supplier is sponsored, nominated and approved by a Raytheon business unit(s) based on a source-selection analysis and recommendation.

MOVING FORWARD!

Commitment to Our Supply Base

At Raytheon, we are committed to our supply base. We strive to establish the appropriate Preferred Supplier List utilizing a data-driven process. It is essential to partner with lean, capable and performance-driven suppliers.

By the Numbers

Raytheon uses Exostar™ to facilitate the electronic transactions necessary to do business. We strive to establish effective business relationships with our supply base and these steps are a necessary element.

Managing Expectations

Doing business with Raytheon is simple, connected and secure. The Supplier Readiness Guide introduces you to the online applications you will use to do business with Raytheon. We rely on your adherence to these established avenues for electronic collaboration to drive efficiencies and enable enhanced communication. These are the building blocks to our mutual relationship, which relies upon a commitment by each of us to maintain an ease in doing business. We look forward to the partnership. Let us help you grow!

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