

Thank you to all who attended

The conference featured presentations by Paolo Dal Cin, senior vice president, Operations, Supply Chain, Quality & EH&S; Sarfraz Nawaz, vice president supply chain; Roy Azevedo, president, Raytheon Intelligence & Space, and Chris Calio, president, Pratt & Whitney, in addition to a panel Q&A discussion with various supply chain leaders. The conference provided an opportunity to update suppliers on Raytheon Technologies' business outlook and Supply Chain initiatives.

The 2021 supplier conference welcomed suppliers from 24 countries. The following captures key messages from the event.

Introduction to Raytheon Technologies

Paolo Dal Cin, senior vice president, Operations, Supply Chain, Quality & EH&S

The opportunity for suppliers with a strong performance track record to grow with Raytheon Technologies was outlined in the introduction, along with a few other key initiatives for the company including its CORE operating system (Customer Oriented Results & Excellence) which is geared toward improving our critical processes for performance. The introduction also highlighted the journey Raytheon Technologies is on to further modernize its factories and supply base.

Pratt & Whitney overview

Chris Calio, president, Pratt & Whitney

Pratt & Whitney is a global business with approximately 37,000 employees worldwide. The breakdown of the business is roughly 65 percent commercial and 35 percent military/defense. Pratt & Whitney has an installed base of more than 65,000 engines and over 16,000 customers in 195 countries.

Our 2022 priorities start with continued focus on the health and safety of our employees. Significant safety

precautions have been taken to prevent the spread of COVID-19. Product quality is another focus area where we have made significant investments in Manufacturing Readiness Level. These investments will benefit us as business ramps up to pre-pandemic levels. Increasing our engagements with our supply base will be vital in meeting the ramp up.

We launched several transformation projects earlier this year to attack structural costs. Office of the future will upgrade our workplace to provide employees the tools they need to work more efficiently on and

Conference presenters

Paolo Dal Cin, senior vice president, Operations, Supply Chain, Quality & EH&S, Raytheon Technologies

Chris Calio, president, Pratt & Whitney

Roy Azevedo, president, Raytheon Intelligence & Space

Sarfraz Nawaz, vice president, Supply Chain, Raytheon Technologies

Current industry landscape

Presenters discussed growth expectations for their businesses as we emerge from the pandemic. The growth and synergy opportunities in the commercial and defense markets illustrate the value of our merger and the reason we will emerge stronger post-pandemic. Our diversified and balanced customer base, broadened technology portfolio and expanded global presence make us a stronger company. Because of this, now is a tremendous time for suppliers to grow with Raytheon Technologies.

off campus as we head into a more hybrid workforce model.

Another significant investment has been our new turbine airfoil facility in Asheville, North Carolina. This will be a vertically integrated facility handling the full production of airfoil parts for high growth programs.

Finally, how can Pratt & Whitney and suppliers partner better together? Keep the lines of communication open so we can react and mitigate risks together. Focus on the fundamentals, product quality and safety. Finally, continue focusing on cost to meet customer requirements.

Presentations

Raytheon Intelligence & Space overview and industry landscape

Roy Azevedo, president, Raytheon Intelligence & Space

Raytheon Intelligence & Space is supported by 37,000 employees working in 500 locations in more than 40 countries around the globe. Raytheon Intelligence & Space was formed through the consolidation of two heritage Raytheon businesses: Space and Airborne Systems and Intelligence, Information and Services. The Raytheon Intelligence & Space mission is straightforward: to deliver the disruptive technologies our customers need to succeed on any challenge in all domains – space, air, ground, sea, undersea and cyberspace. At Raytheon Intelligence & Space, we seek to be known for three things: solving our customers' hardest problems, meeting our commitments and being true to our values.

At Raytheon Intelligence & Space, there are three capability sets: space, sensors and spectrum dominance. We're focused on multi-domain solutions that are as relevant in space as they

are on the ground, in the air or at sea. We are investing in our business, including digital transformation – the digital thread – to evolve the way we work. One example of our investments is the Advanced Integration & Manufacturing center we recently opened in McKinney, Texas. This is a 1,788,000-square foot high-tech facility that's producing futuristic defense technologies, including imaging equipment and high-energy laser weapon systems. We are transforming our business by injecting agility, efficiency and empowerment at every level. We are positioning ourselves for growth and, in everything we do, we are putting our customer first.

We need our suppliers' innovative ideas and technologies to meet our goals. We need you to feel the urgency our customers are feeling. That is how we can partner to obtain results for our customer.

Raytheon Technologies Supply Chain

Sarfraz Nawaz, vice president, Supply Chain, Raytheon Technologies

Raytheon Technologies' growth and ability to meet the aerospace ramp depends upon our suppliers. Key initiatives such as the Performance+ Program launched in early 2021 will provide the opportunity for increased engagement with suppliers, assist with collaboration to improve performance and efficiencies and offer a platform for recognition. Raytheon Technologies has a strong commitment to supplier diversity and has started our own internal mentoring and development program to provide support to small, diverse suppliers. We will need to work together to address risks confronting our collective supply chain. Risks are varied ranging from cybersecurity to material availability and capacity risks created by industry challenges. We appreciate our suppliers' efforts to help us mitigate these risks and request your continued diligence and proactive efforts. Collaboration with our suppliers will drive our mutual growth and success.

Supporting supplier success

Each presenter discussed guidelines and requirements for our suppliers to succeed and grow with us. We are looking to grow with suppliers who can help us maximize value to our customers:

- **Competitiveness in price, quality and performance:** We need to work together to continuously drive cost and quality improvements.
- **Quality focus:** This will lead to predictable and reliable performance and includes insight into business practices to ensure performance.
- **Compliance with cybersecurity and all regulatory requirements:** All suppliers must be compliant — there is no room for error. Lack of attention to cyber threats could lead to loss of sensitive information or compromised security.
- **Supply chain and inventory visibility:** Suppliers must ensure a level of visibility, including for raw material, work in progress and finished goods.
- **Long-term agreements:** longer agreements help solidify our relationship and create efficiencies.

Question and answer session

The final section of our conference was a Q&A session. Sarfraz was joined on the panel by three of our supply chain leaders.

The questions were gathered through a social Q&A process. The panelists addressed the most popular questions, which conference participants had submitted and voted on. A transcript of the Q&A has been provided as part of this newsletter.

Conclusion

We have an opportunity to connect with even more of our suppliers as we grow. Raytheon Technologies' growth and performance depend on our suppliers. We must all maintain our customer focus and drive to improve our competitiveness, performance, efficiency and collaboration as we partner for a stronger future.

What is Raytheon Technologies doing to secure critical materials and sources of supply and how can suppliers collaborate and partner with Raytheon Technologies to limit disruptions in the supply chain?

Raytheon Technologies is looking forward at demand, adjusting lead times in our systems, investing Raytheon Technologies funds, releasing requisitions sooner, looking at alternate parts and working across the corporation and with key suppliers to help facilitate acceleration.

How can Raytheon Technologies and the supply base collaborate to align Raytheon Technologies, demands and supplier capacity to support increasing aerospace demands?

The biggest challenge in front of us is being ready when commercial aerospace ramps back up. One of the most important things is to be transparent with each other in terms of demand and supply. We must have good forecasts loaded and available for our suppliers to ensure suppliers understand requirements and then prepare to

respond to those requirements with the right capacity plans in place. With the challenges in the labor market and ongoing supply chain issues on the electronics front, it will be imperative that we all stay well connected with the supply base – especially those that are most critical from a performance standpoint.

Is Raytheon Technologies flowing COVID vaccination mandates to suppliers and what is the impact if a supplier does not comply? Will vaccination also be required for any suppliers who are visiting or located onsite at a Raytheon Technologies facility?

Many of our suppliers have already received communications from one or more Raytheon Technologies businesses regarding the Raytheon Technologies COVID-related facility access requirements.

Raytheon Technologies has developed answers to several FAQs related to our COVID facility access requirements for our supplier community. They are available on our supplier microsite and supplier portals and will be updated regularly.

Panelists

Sarfraz Nawaz, vice president, Supply Chain, Raytheon Technologies

Kris Pinnow, vice president, Supply Chain, Collins Aerospace

Eugene Jaramillo, vice president, Global Supply Chain Management, Raytheon Missiles & Defense

Joe Adams, executive director, Supply Chain & Strategy, Raytheon Intelligence & Space

Joe Sullivan, moderator

What, if any, changes should suppliers expect to see because of the implementation of Raytheon Technologies' CORE operating system? Will CORE impact engagements or how Raytheon Technologies engages with suppliers?

While there are no specific linkages in our CORE operating system to suppliers, we will continue our focus on driving improvement to key processes. With CORE, we develop improvement targets on processes where suppliers are key contributors. We will continue to monitor for performance and drive for improvements on KPIs in much the same way.

Question and answer session

How can suppliers increase their opportunities to win new business across Raytheon Technologies?

Raytheon Technologies is looking for suppliers to invest in NRE, tooling, long lead materials and be a stronger partner in addition to the standard expectations: performance, execution, timely delivery and quality parts with continued cost management.

What key Raytheon Technologies strategies require supplier support, what support is needed and what can suppliers do to proactively engage and partner in these areas?

Key strategies and themes addressed by included affordability, cost reduction, execution performance (delivery and quality), investment and risk management.

We are making significant progress aligning our sourcing strategies across the businesses and working with several suppliers to create greater value that we collectively can benefit from. We need our suppliers to proactively engage with us and:

- Identify areas for improved affordability
- Ensure you can perform and grow as production volumes return. Take proactive measures to address quality, delivery and capacity needs before they impact performance.
- Actively manage market risks within your lower tier supply base and take action to prevent disruptions in supply that may impact your ability to perform.

And invest to support growth. Invest in efficiency, capability and capacity.

What progress has Raytheon Technologies made in terms of leveraging technology to improve the supplier experience? What additional enhancements can suppliers expect in the future?

- We recognize that many of you do business with different entities under the Raytheon Technologies umbrella and as a result, you have different interfaces with us, ranging from multiple supplier portals to quotation tools. Our long-term goal is to simplify how you engage with all parts of Raytheon Technologies, looking at both processes and tools where it makes sense. We acknowledge this is a multi-year journey and we have an ambitious plan.
- There are several supply chain transformation initiatives launching in the next two to three years because our road map efforts that impact how we interact between Raytheon Technologies and suppliers including:
 - Ariba Source to Pay:
 - Supplier life cycle and performance (SLP), which enables supplier onboarding and ongoing self-maintenance of master data (upgrade from “supplier self-serve” currently in use).
 - Source-to-pay digitization of manual processes in how we pursue contracting and contract life-cycle management.
 - Leveraging artificial intelligence (Smart Bid, Allison) to read old drawings and catalog part attributes for use in sourcing analysis and RFQs.
 - Launching Raytheon Technologies vendor managed solution (VMS) tied to single Raytheon Technologies managed service provider.

- Transportation management system (TMS) will optimize shipment costs and services for both inbound and outbound flow.
- Risk management tools will proactively identify potential and emerging supply risks and response.
- Supplier environmental, social and governance ratings tool to provide Raytheon Technologies-wide opportunities to drive sustainability plans that are integrated with suppliers.

Implementation of a harmonized Raytheon Technologies-wide annual Certs & Reps to capture required information from suppliers (certs and reps, small business, supplier diversity information).