

**2013**

Corporate  
Responsibility  
Report

**Raytheon**



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*We invite you to visit our website to learn more about Raytheon's ongoing corporate responsibility initiatives and discover how our best practices are making an impact.*

**[RAYTHEON.COM/CRR](http://RAYTHEON.COM/CRR)**



WE SUPPORT A  
CULTURE OF INCLUSION  
THAT FULLY ENGAGES  
ALL OF OUR EMPLOYEES  
SO THAT THEY FEEL  
VALUED AND EMPOWERED  
TO PERFORM AT PEAK  
LEVEL FOR OUR  
CUSTOMERS AND  
STAKEHOLDERS.

As a technology company, we are interested in discovering innovative ways to solve problems and address today's needs. This report incorporates new technology that enables a deeper experience and enhanced communication. To get the most from the report, simply scan the QR code with your smartphone or tablet, download the Layar software, and then, where you see the  symbol inside, scan the page to experience another level of content.



Dear Raytheon Stakeholders,

RAYTHEON ACHIEVED  
A PERFECT  
**100% SCORE**  
ON THE HUMAN RIGHTS  
CAMPAIGN'S 2013 CORPORATE  
EQUALITY INDEX®

**RAYTHEON'S** commitment to corporate responsibility is a reflection of our values and the strong company culture we have been building for the past decade. During that time, we have built something special, something lasting, which has become the framework of the company and is sustained and energized by the passion of the Raytheon team.

As evidence of our progress, we are proud to present this 2013 Raytheon Corporate Responsibility Report. In its pages, you will learn of our efforts, investments and accomplishments in the many areas that define corporate responsibility at Raytheon.

Our commitment to corporate responsibility begins with Raytheon's Vision, Strategy, Goals and Values. Our VSGVs serve to align and unify the entire Raytheon team around our common mission of customer success. This is reinforced by a clear "tone at the top" from our Board of Directors and management in support of best practices in leadership, and in progressive and responsible corporate governance.

We are also defined by our commitment to the highest ethical standards, diversity and inclusion. Our Ethics and Business Conduct program reinforces and supports our culture of integrity through education, counseling and accountability, and our focus on diversity and respect supports a culture of inclusion that fully

engages all of our employees so that they feel valued and empowered to perform at peak level for our customers and stakeholders. We know we are on the right track when both Woman Engineer magazine and Minority Engineer magazine ranked Raytheon on their lists of Top 50 Employers for 2013, and for the ninth consecutive time, we achieved a perfect 100 percent score on the Human Rights Campaign's 2013 Corporate Equality Index. In addition, we are engaging with our global supply chain to extend our values to suppliers and subcontractors.

Our most valuable asset has long been our employees, and we continue to focus on being the best we can be. Through our safety programs we have earned Voluntary Protection Program "Star" certification from the Occupational Safety and Health Administration at 30 of our major U.S. sites, and since 2008, we have reduced our recordable injury rate by 28 percent and our lost workday rate by 22 percent. In 2013, our Mission:Health well-being initiative achieved its highest participation rate to date, and we received the American Heart Association Fit Friendly – Gold Award, which recognizes companies that fulfill wellness criteria and promote a culture of wellness.

Raytheon's sustainability program also received recognition. We were honored with the ENERGY STAR® Sustained Excellence Award for the seventh year in a row and included on the 2013 "100

**THOUSANDS  
OF VOLUNTEERS**  
ENGAGED WITH MORE THAN  
**2,600 ORGANIZATIONS**  
ACROSS  
**41 STATES**

Best Corporate Citizens” list compiled by Corporate Responsibility magazine. These recognitions reflect the excellent progress we are making on our 15 long-term sustainability goals; we have already exceeded five of the goals two years ahead of schedule, and we are on track with the others.

Our sustainability programs are just one area of corporate responsibility that benefits our communities and the world around us. We are also committed to supporting our armed services and developing and sustaining interest in science, technology, engineering and mathematics (STEM) education. Our \$2.5 million partnership with the Wounded Warrior Project® continues to make a meaningful difference in the lives of wounded veterans and their

families, with more than 2,700 veterans having graduated from the partnership’s Transition Training Academy. Our MathAlive!® interactive math and science exhibition is inspiring tomorrow’s STEM professionals as it approaches 1 million visitors. MathAlive! continues to tour U.S. scientific centers, and in 2013 we debuted a new dual-language MathAlive! Middle East tour in the region.

The 63,000 members of the Raytheon team are the heart of all of our corporate responsibility efforts. They care, and they have embraced our programs as their own by personally giving their energy and time; in 2013, thousands of volunteers engaged with more than 2,600 organizations across 41 states. This employee engagement has ensured the success of our programs to the point where they will be sustained into the future.

We are proud of the team, and we are proud to be a part of a company that is making a difference.

Respectfully,



WILLIAM H. SWANSON  
CHAIRMAN

A handwritten signature in black ink, appearing to read "W. Swanson".

THOMAS A. KENNEDY  
CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink, appearing to read "Thomas A. Kennedy".

WE HAVE  
EXCEEDED  
**5 OF 15**  
LONG-TERM  
SUSTAINABILITY  
GOALS  
**TWO YEARS**  
**AHEAD OF**  
**SCHEDULE,**  
**AND WE ARE ON TRACK**  
**WITH THE OTHERS.**

THE NUMBER OF VISITORS TO OUR  
MATHALIVE! INTERACTIVE MATH AND  
SCIENCE EXHIBITION IS APPROACHING

**1**  
**MILLION**

# Vision, Strategy, Goals and Values

## VISION



TO BE THE MOST ADMIRABLE DEFENSE AND AEROSPACE SYSTEMS COMPANY THROUGH OUR WORLD-CLASS PEOPLE, INNOVATION AND TECHNOLOGY.

### Strategy

#### FOCUS

on Technology, Innovation and Mission Assurance for existing and evolving customer mission needs. Sustain and grow our position in our core markets: sensing, effects, C3I, mission support and cyber.

#### LEVERAGE

our domain knowledge in air, land, sea, space and cyber for all markets.

#### EXTEND

core capabilities to relevant new markets and customers.

#### EXPAND

global business by building on our relationships and deep market expertise, particularly cyber.

#### BUILD

upon our Customer Focused mindset, further strengthening our company based on performance, relationships and solutions.

#### DELIVER

innovative supply chain solutions to accelerate growth, create competitive advantage and bring value to our global customers.

#### USE

our technology and competitive strengths to expand our footprint in radar and electronic warfare solutions.



### Goals

#### CUSTOMER

Be regarded as a Customer Focused company based on performance, relationships and solutions.

#### GROWTH

Grow global revenue faster than the market through innovation, agility, affordability and strategic partnering. Build on good performance in improving cash flow. Execute well and with predictability.

#### PEOPLE

Retain and attract world-class talent while providing superior opportunities for further individual development. Treat all employees with respect. Leverage our inclusive efforts as a competitive advantage, continuing Raytheon's leadership in diversity.

#### PRODUCTIVITY

Improve productivity and customer value across the company through Raytheon Six Sigma™, the Integrated Product Development System (IPDS), Earned Value Management System (EVMS), Capability Maturity Model Integration (CMMI®), and our Global Business Services (GBS) model.



### Values

#### PEOPLE

- Treat people with respect and dignity.
- Embrace diversity and diverse opinions.
- Collaborate with our fellow employees to improve skills.
- Recognize and reward accomplishment.
- Foster teamwork and collaboration.

#### INTEGRITY

- Be honest, forthright and trustworthy.
- Use straight talk; no hidden agendas.
- Internalize Raytheon's Code of Conduct to support a strong company culture of ethics and the highest business standards globally.
- Recognize your personal obligation to follow all laws, regulations and Raytheon policies.

#### COMMITMENT

- Honor commitments to customers, shareholders, suppliers, the community and each other.
- Accept personal responsibility to meet commitments; be accountable.

#### EXCELLENCE

- Improve performance continually.
- Achieve innovation in all that we do.
- Stress quality, productivity, growth, best practices and measurement.
- Always strive to be the best.



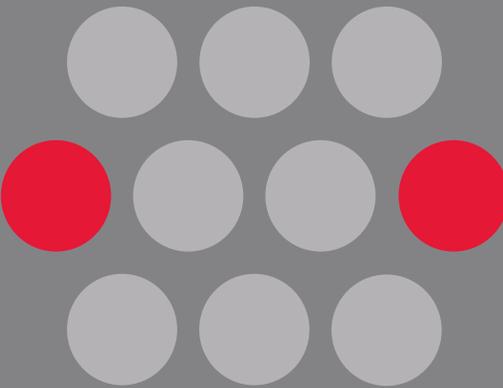
# Governance

Raytheon's Board of Directors and management have set a clear "tone at the top" in establishing the company's ongoing commitment to leadership and best practices in corporate governance. At Raytheon, we have embraced an integrated and collaborative governance approach that extends well beyond traditional Board functions, promoting integrity, accountability, transparency and sound decision making processes in all aspects of the company's operations. We follow this approach in establishing and communicating ethical standards, assuring domestic and overseas legal compliance, managing risk in a range of contexts, and pursuing ambitious corporate responsibility objectives, all guided by our well-established and communicated values.

## Progressive and Responsible Corporate Governance

Raytheon has established a platform for corporate governance that combines the best of long-standing governance practices with progressive and responsible innovations and enhancements in recent years. Raytheon corporate governance is guided by fundamental principles of integrity, accountability, transparency and engagement, as well as driven by Raytheon's culture of continuous improvement. Further details on our governance practices are available in our Proxy Statement and on our website at [raytheon.com/investorrelations/governance](http://raytheon.com/investorrelations/governance). Among the features of our leading governance platform are the following:

- Independent Board oversight, fully independent committees and empowered lead director;
- Annual elections and majority voting for directors;
- Clear and understandable proxy disclosure on governance and executive compensation;
- Rigorous stock ownership guidelines and a clawback policy designed to align manage-



### INDEPENDENT BOARD OVERSIGHT

Key aspects of our leading corporate governance platform include Independent Board oversight, with eight independent directors out of 10, key Board committees consisting entirely of independent directors, and an empowered independent lead director

ment's interests with long-term shareholders;

- Meaningful shareholder access through shareholder rights to call special meetings and our shareholder outreach program;
- Active engagement with our shareholders on governance and executive compensation and the incorporation of shareholder feedback in our approach and practices;
- Detailed website disclosure on company political activities; and
- Company statement on respect for human rights.

## Shareholder Engagement and Access

Consistent with our commitment to progressive and responsible corporate governance practices, Raytheon makes concerted efforts throughout the year to engage directly with institutional investors, in addition to communications with individual shareholders, proxy advisory services and corporate governance research firms, to discuss the company's governance, executive compensation and disclosure practices. In 2013, these outreach efforts, outside and in addition to the proxy season, resulted in dialogue with shareholders representing over 47% of the company's

## IDENTIFY | ASSESS | PRIORITIZE

To ensure an appropriate focus on our evolving risk environment, we employ a rigorous, process-driven, enterprisewide risk management program to identify, assess and prioritize a broad set of risks across the company, including emerging or changing risks.



outstanding shares. This engagement is valuable to the Board and senior management, who consider shareholder feedback in governance deliberations and proxy disclosure.

As part of its focus on shareholder engagement, Raytheon consistently looks for ways to provide meaningful access to its shareholders. In 2010, the Board approved amendments to the company's governance documents to provide shareholders with the right to request that a special meeting of shareholders be called. Just recently, in January 2014, the Board approved further amendments to provide shareholders with the right to take action by written consent in lieu of a meeting, provided certain procedural safeguards are met. As with the addition of the right to call special meetings, the Board's action reflects careful consideration of shareholder feedback, and the balancing of considerations with respect to access, fairness and the risk of potential disruption. This new Board initiative with respect to written consent will be presented to shareholders for approval at the 2014 Annual Meeting.

#### **Commitment to Ethics, Compliance and Risk Management Oversight**

Through the application of sound governance processes, Raytheon approaches ethics, compliance and risk management in a rigorous and dynamic fashion. The company carefully monitors regulatory developments, company operations, the business environment, and emerging internal and external issues, and also uses benchmarking and evolving views of best practice, to help assess the efficacy of its ethics, compliance and risk management policies and programs.

**CODE OF CONDUCT** – In 2013, we updated the Raytheon Code of Conduct, the foundation of our commitment to the highest ethical standards, which helps ensure that our employees, directors, suppliers and partners make decisions and take actions that are consistent with our values. We updated the Code of Conduct to make it more accessible



## IN 2013 WE PROVIDED ENHANCED FCPAware VIDEO VIGNETTES AND FACE-TO-FACE TRAINING ON SPECIFIC INTERNATIONAL COMPLIANCE ISSUES.

and understandable by providing more examples and frequently asked questions, as well as to add provisions regarding human rights, use of social media and certain reporting obligations.

**ANTI-CORRUPTION SUSTAINMENT PROGRAM** – In 2013, we also continued to enhance our rigorous Anti-Corruption Sustainment program through increased promotion of and greater transparency with respect to a number of key facets of the program. We recently published an overarching, comprehensive anti-corruption policy, which consolidates and unifies certain key anti-corruption requirements and controls found in other company policies, and we launched an Anti-Corruption page on our external website to provide further transparency regarding this key Raytheon compliance initiative. We also continue to leverage our innovative education programs, such as our FCPAware program, which is

directly communicated to employees engaged in global business activities to help ensure they are knowledgeable and vigilant about risk in this area, and we continuously review our policies and internal controls and implement best practices to prevent corruption.

**PRIVACY** – Raytheon recognizes the increasingly complex interplay between technology and personal privacy, and we are committed to the lawful, respectful, and appropriate protection and use of personal information with which we are entrusted. Building on over a decade of privacy efforts, we established in 2013 a multi-tiered governance structure to guide our privacy activities. At different levels within this governance structure, participants provide strategic guidance and oversight, coordinate daily privacy activities at the corporate level, and detect and resolve privacy issues locally in 15 countries.

# Ethics

RAYTHEON'S COMMITMENT TO ETHICAL BUSINESS PRACTICES IS A CRITICAL PART OF THE COMPANY'S SUCCESS. OUR ETHICS AND BUSINESS CONDUCT PROGRAM REINFORCES AND SUPPORTS OUR CULTURE OF INTEGRITY THROUGH EDUCATION, COUNSELING AND ACCOUNTABILITY. THE ETHICS OFFICE ACTIVELY COLLABORATES WITH OTHER FUNCTIONS TO ENSURE THAT EMPLOYEES HAVE MULTIPLE CHANNELS AVAILABLE WITHIN THE COMPANY, WHERE QUESTIONS AND CONCERNS CAN BE RAISED AND RESOLVED EITHER OPENLY OR ANONYMOUSLY.



**“I'd like to take an ethics check.”**



**Ethics Checkpoint is a decision-making tool to encourage employees to pause and take an “ethics check” before proceeding with an action.**

IN 2013,  
EMPLOYEES COMPLETED  
MORE THAN

**145,000**

ONLINE COMPLIANCE EDUCATION  
MODULES

### Ethics Education

When an employee contacts the Ethics Office, the communication often begins with: “I'd like to take an Ethics check.” This is because our employee Ethics education program, Ethics Checkpoint, encourages employees to “pause, take an Ethics check, and then proceed” with confidence that the proper course of action is being taken. The branding of Ethics Checkpoint has resonated with employees and become part of the vocabulary of our culture. Our employees recognize the pause, check, and proceed icons as effective and memorable symbols that promote speaking up and getting answers to ethical concerns, whether by raising the issue up the management chain or by contacting the Ethics Office. In 2013, more than 63,000 employees participated in our Ethics Checkpoint classes or online training. The Ethics Checkpoint videos used last year included issues from our case files regarding obtaining competitive information, labor mischarging and reporting of quality

concerns. Ethics Checkpoint discussion builds awareness of employee responsibilities under our newly reissued Code of Conduct, and we also launched a Code of Conduct website to promote the Code and highlight its importance.

Ethics Checkpoint is not our only Ethics education program. In 2013, employees completed more than 145,000 online compliance education modules, learning about the Code of Conduct, protecting proprietary information and many other subjects. We also feature an EthicSpace mini-series on a wide variety of topics, delivered quarterly to employee desktops. Similar to Ethics Checkpoint, our EthicSpace videos are based on actual case experiences. Last year our EthicSpace series depicted ethical issues relating to use of social media, export control requirements and conflicts of interest. The broadcast of the conflict of interest EthicSpace series helped generate additional disclosures for Ethics Office review when we issued our periodic conflict of interest survey to more than 5,000

employees. EthicSpace episodes are short but impactful, and each episode prior to a series conclusion ends with a “cliffhanger,” which helps maintain interest in the characters and the ethical problems they face. Though viewing is voluntary, each EthicSpace series averages about 50,000 views.

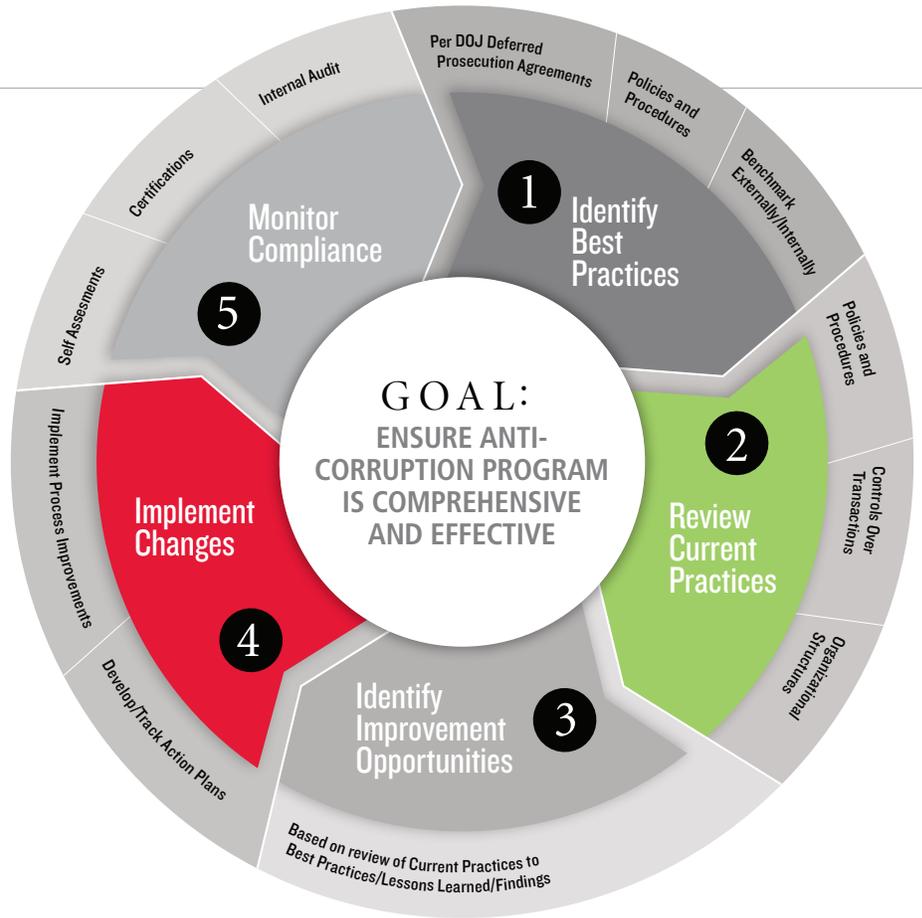
In 2013, we also produced our third edition of a series of video vignettes focusing on compliance with our anti-corruption policy and related laws, including the Foreign Corrupt Practices Act. This edition, which we call FCPA-aware 3, was delivered to and completed by a target audience of more than 10,000 employees. This video series helps to emphasize the importance of following company due diligence processes when engaging international business representatives and appropriately recording all accounting entries in our books and records.

The company is proud to have received recognition from the Telly and Communicator awards programs for several of our Ethics education series in 2013.

**International Engagement**

Raytheon has been engaged with the International Forum for Business Ethical Conduct (IFBEC) since that organization’s founding in 2010 to promote anti-corruption and other business standards for the defense industry.

WE TYPICALLY  
AVERAGE ABOUT  
**50,000**  
VOLUNTARY  
VIEWINGS OF  
EACH ETHICSPACE  
SERIES.



Raytheon serves on IFBEC’s Steering Committee, and we participated on several panels at IFBEC’s 2013 best practices forum. Raytheon’s Ethics Office works with the company’s Anti-Corruption Sustainment team, which regularly assesses our internal controls to ensure compliance with policies and related laws in this key risk area for international business. The company recently launched an Anti-Corruption page on our external website, illustrating this facet of our corporate responsibility initiatives. The website includes a message from our Chairman, our over-arching anti-corruption policy and summaries of related policies, as well as examples of our FCPA-aware videos.

**Performance Measures**

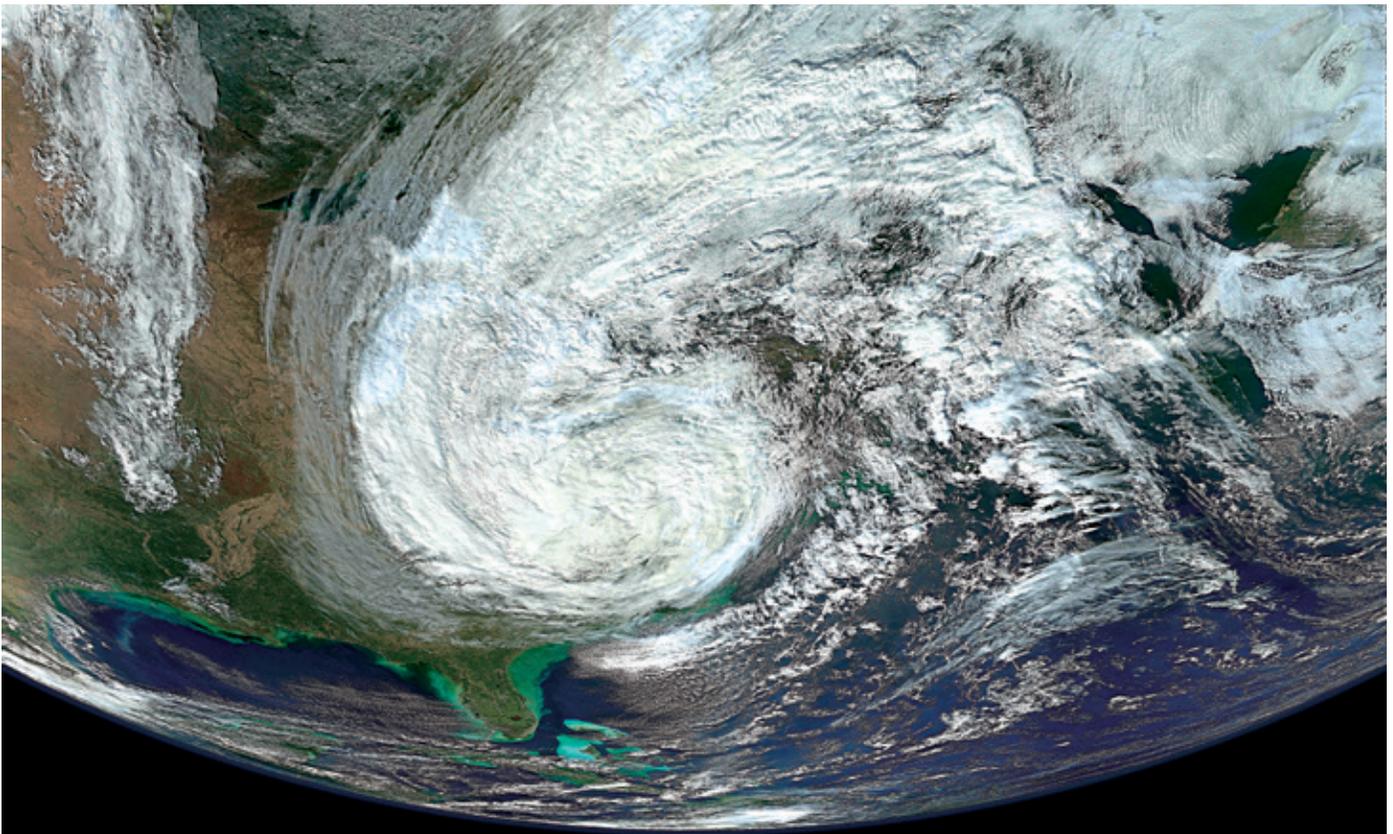
Our Ethics education programs welcome employees to contact us, and in 2013 we had more than 6,800 contacts, with more than 90% of the contacts coming from employees seeking advice. The Ethics Office also conducts investigations of alleged violations

of our Code of Conduct and works with leadership to hold employees accountable if violations are substantiated. The Ethics Office conducted more than 280 investigations in 2013. Resolution of investigations substantiating Code of Conduct violations range from termination of employment to instituting improved internal controls.

**Commitment and Engagement**

The company continues to sponsor the Raytheon lecture on business ethics series at Bentley University, home to one of the first academic programs on business ethics. Ethics Office representatives serve as judges for intercollegiate competitions where students evaluate ethical dilemmas in case studies. Raytheon actively participates in professional associations in the ethics and compliance field, such as the Ethics & Compliance Officers Association and the Defense Industry Initiative.

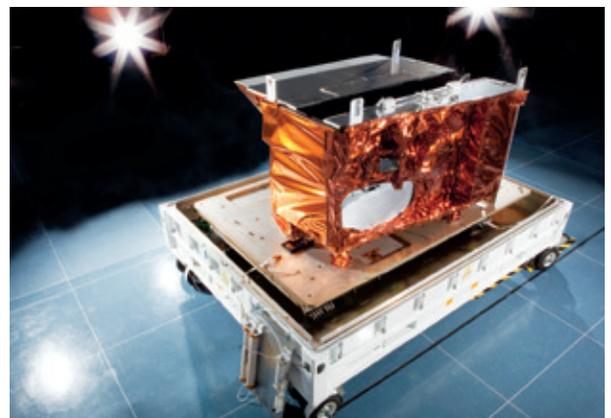
## RAYTHEON'S WORLD-CLASS ENGINEERS AND TECHNOLOGISTS SUCCESSFULLY INNOVATE TO ADDRESS TODAY'S CHALLENGES.



Our successful deployment of new backup ground station capabilities in advance of Superstorm Sandy significantly reduced the risk of losing critical weather information.

Image via Norman Kuring, Ocean Color Web and NASA Earth Observatory.

Raytheon's Visible Infrared Imaging Radiometer Suite (VIIRS) brings to bear the latest space-based environmental sensing technology to provide significantly improved weather and climate forecasting models.





ENGINEERING,  
TECHNOLOGY &  
MISSION ASSURANCE

### **Advanced and Affordable Sensing, Weather Prediction, Imaging and Critical Data Protection**

Launched into orbit aboard the Suomi NPP (National Polar-orbiting Partnership) satellite, a NASA-NOAA (National Oceanic and Atmospheric Administration) joint mission, in October 2011, Raytheon's Visible Infrared Imager Radiometer Suite (VIIRS) extends capabilities of current, aging satellites; shows assessments of how VIIRS data on the atmosphere and oceans can support ongoing research and applications; and now provides unprecedented global observation capability. During 2013, VIIRS opened up exciting new possibilities for weather and climate monitoring. Its unique day-night band enables the capture of highly detailed imagery in extremely low-light conditions, yielding a powerful asset for operational forecasting.

Additionally, we have successfully deployed new backup ground station capabilities that significantly reduce the risk of losing critical weather information. The Joint Polar Satellite System (JPSS) Common Ground System's (CGS) two backup locations made essential contingency support available during Superstorm Sandy, one of the United States' most devastating weather events. With more than four decades of experience building complex ground systems to turn space data into actionable information, Raytheon designed, developed and installed these alternate ground system capabilities in preparation for required mission readiness exercises. These critical capabilities enable NOAA to protect crucial Earth, weather and climate information.

THE UNIQUE  
DAY-NIGHT BAND OF  
VIIRS ENABLES THE  
CAPTURE OF HIGHLY  
DETAILED IMAGERY  
IN EXTREMELY LOW-  
LIGHT CONDITIONS

### VIIRS IMAGES



The White Marble



The Blue Marble



The Green Marble



The Black Marble



HEALTH CARE & TRAINING

EARNING  
THE COVETED  
ENDORSEMENT

*of the*

AMERICAN  
HOSPITAL  
ASSOCIATION

(AHA)

Raytheon's Simulation-Based Training – a solution jointly developed with Medical Simulation Corporation (MSC) – enhances hospitals' ability to improve clinical outcomes and patient safety, while also controlling costs and helping hospitals and health care organizations achieve operational excellence. Care providers now have the ability to practice clinical techniques and procedures in a realistic, immersive environment, leading to improved patient care quality and reduced medical errors. Simulation-Based Training can help hospitals address continued challenges to improve the efficiency and effectiveness of operations. Raytheon Professional Services' extensive experience designing and implementing blended learning – ranging from online and instructor-led training to a wide array of simulation programs and technologies – was a vital element of this successful development partnership.



Raytheon received the medal for sustained innovation through the engineering of first-of-a-kind, practical systems

#### Continued Innovation and Breakthrough Technologies

Raytheon BBN Technologies was awarded the National Medal of Technology and Innovation™ in 2013 for "sustained innovation through the engineering of first-of-a-kind, practical systems in acoustics, signal processing, and information technology." Among the National Medals – the highest honors that the U.S. government bestows upon scientists, engineers and inventors – the National Medal of Technology and Innovation recognizes individuals and organizations for making lasting contributions to America's competitiveness and quality of life and for helping to strengthen the nation's technological workforce. At the forefront of innovation, Raytheon BBN's

legacy of innovations includes identifying flight patterns to reduce jet engine noise in residential areas, reducing submarine noise underwater, and devising software for communications and computer networks. Helping to eliminate language barriers, Raytheon BBN has also developed a hand-held translation device, TransTalk™, which allows both military personnel and aid workers to converse with local people in other countries. Raytheon BBN Technologies Chief Scientist Stephen Kent has been inducted into the Internet Hall of Fame® for his groundbreaking contributions in cybersecurity. Kent's work laid the foundation for modern encryption methods and standards for Internet and email security.



TRANSTALK  
 ALLOWS OUR  
 SOLDIERS  
 AND AID  
 WORKERS TO  
 CONVERSE  
 WITH LOCAL  
 PEOPLE IN  
 OTHER  
 COUNTRIES.

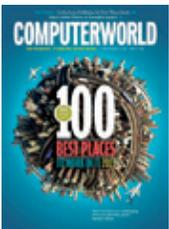


# Diversity and Inclusion

At Raytheon, we are committed to an inclusive culture that fosters collaboration and fully engages all of our employees and stakeholders to deliver superior business performance. For us, diversity is a core value as well as an integral part of Raytheon's business model. We believe that a diverse environment in which everyone feels valued and empowered to perform at peak level, while embracing our collective differences – such as age, race, gender, sexual orientation, gender identity, gender expression, family history, physical ability or other forms of human differences – will help us to leverage our talents and gain a competitive advantage necessary to meet business challenges. We use an integrated and collaborative approach to foster and drive diversity and inclusiveness through strong leadership engagement and key initiatives.

## Commitment to Equal Opportunity for All Employees

Raytheon's commitment to providing equal opportunity for all employees in the workplace is based not only on our legal obligations, but also on our core values of treating people with respect and dignity, welcoming diversity and diverse opinions while fostering teamwork and collaboration. We not only comply with all applicable federal, state and local laws regarding equal employment opportunity and affirmative action guidelines, we also look for meaningful ways to make a difference in our communities. One example is Raytheon's efforts on the employment of individuals with a disability (IWD) and veterans. Raytheon has a long tradition of embracing veterans, specifically in our Operation Phoenix program, launched in May 2009 to attract,



# 100 best places to work in IT

We believe our efforts to build an inclusive culture and diverse environment are making a difference, and we are proud of the numerous awards and external recognition we have received. For the eighth consecutive year, Raytheon has been named one of Computerworld's "100 Best Places to Work in IT" in 2013 based in part on our workplace diversity. In addition, both Woman Engineer

magazine and Minority Engineer magazine ranked Raytheon on the list of "Top 50 Employers" for 2013, and for the ninth consecutive time, Raytheon achieved a perfect 100% score on the Human Rights Campaign's (HRC's) 2013 Corporate Equality Index (CEI). The company's top grade has also earned HRC's "Best Place to Work" designation.



**MISSION:**  
TURN CAPABILITIES INTO A CAREER



hire and retain military veterans; 16% of our active workforce have served in the military. Further information is accessible on our website at [jobs.raytheon.com/transitioning-military](http://jobs.raytheon.com/transitioning-military). In 2013, our outreach efforts in this area included participating in 50 job fairs and various virtual chat networking events in support of our nation's interest in preparing veterans and wounded warriors for a transition into the private sector. We continue proactively to seek ways to increase outreach efforts.





**HOLA**  
Hispanic Organization for Leadership and Advancement



**GLBTA**  
Gay, Lesbian, Bisexual, Transgender, and Allies



**RAIN**  
Raytheon American Indian Network



**RAPA**  
Raytheon Asian Pacific Association



**RAYBEN**  
Raytheon Black Employees Network



**RPDA**  
Raytheon Persons with Disabilities



**RWN**  
Raytheon Women's Network



**YESNET**  
Young Employee Success Network

### Employee Resource Groups

To help engage all employees in developing an environment of respect and inclusion, Raytheon actively promotes and supports Employee Resource Groups (ERGs), which serve as key strategic partners in these efforts by fostering and advocating broad-based diversity within the Raytheon community. ERGs provide insights stemming from unique experiences to all employees, a value to helping Raytheon achieve its vision of an inclusive culture. These groups also serve as forums for employees to communicate diversity issues and concerns in a neutral environment, as well as to network with other employees. ERGs focus on career development, retention, recruitment and community outreach within their specific affinity group and for the company as well.

In 2013, Raytheon focused on further leveraging and enhancing the value of ERGs by conducting assessments of the current ERG model and guidelines, and identifying opportunities to support them as business partners. Raytheon is working on a multi-year initiative to focus on integrating ERG programs with key business strategies, increasing leadership engagement, promoting ERG leadership development and implementing a more robust ERG governance framework. Ultimately, we believe this initiative will increase the quality and value of ERGs to the business and employees by driving effectiveness, efficiency and sustainability.

### Employee Engagement in Supporting Continuous Development of Inclusive Behaviors

In 2013, Raytheon continued to drive various initiatives throughout the company to promote employee engagement in continuous learning and support others in creating an inclusive environment. In addition to the ERG

initiative discussed above, the following are examples of some of these activities and resources:

- Raytheon Diversity Councils collaborate with the ERGs to help drive Diversity and Inclusion programs with leadership engagement.
- Through the Mentoring Circles program, employees leverage leadership and peer-to-peer mentoring to enable and facilitate diversity and knowledge sharing.
- Diversity campaigns, such as “I am Inclusion” and “Diversity Day,” that celebrate and acknowledge employees' differences and learn more about the “why” and “how” of best inclusion practices and behaviors; and
- Innovative diversity learning focused on inclusive leadership skill development, including topics such as unconscious bias and cultural competency, and learning sessions, such as “Subtle Behaviors, Significant Impact,” and “Coaching Skills for Diversity Dilemmas.”



# Supply Chain

A key element of Raytheon's strategy is the delivery of innovative supply chain solutions to accelerate growth, create competitive advantage and bring value to our global partners. To accomplish this, we continue to develop strong relationships with our suppliers and subcontractors built upon a shared commitment to our values, such as conducting business with integrity, honoring commitments to customers, communities and other stakeholders, and delivering excellence through innovation, continual improvement and productivity.

## Product Stewardship and Sustainability

We believe that to truly meet our sustainability responsibility, we must continue to drive our supply chain partners to embrace sustainability as a core business value. We discuss a number of our supplier sustainability initiatives, and the significant progress we've made to-date, in the Sustainability section of this report. We also work across the enterprise and with industry partners on product stewardship, sustainable engineering and materials used in manufacturing activities. Our Global Substances Program addresses substance management and compliance, alternatives implementation, and reliable

and responsible sources of supply. We have established mechanisms for product and process risk assessments, and are developing systems to improve automated capabilities for compliance.

The Global Substances Program also manages Raytheon's "Design for Sustainability" goals of reducing and eliminating materials of concern in our products and improving and deploying a Product Material Content system to identify and track substances in our products. Addressing regulatory and customer requirements at the early stages of product design and development furthers environmental stewardship by reducing hazardous material use, increases compliance

and reduces costs. This systems capability approach enables greater opportunities for global substance risk management, product stewardship and compliance assurance throughout the entire product life cycle.

## Conflict Minerals

Raytheon is committed to the responsible sourcing of minerals through our global supply chain. It is an inherent part of our focus on global substance risk management as well as our foundational belief in respect for human rights. Conflict minerals (tantalum, tin, tungsten and gold) from the Democratic Republic of Congo (DRC) and certain adjoining countries may be mined and sold by armed groups to finance civil violence, which has been linked to human rights violations, labor abuses and other issues. These minerals can make their way into various supply chains and are commonly used in electronics and other products.

The international supply chain for these minerals is complex and tracing them is challenging. We are working diligently with our global supply chain partners to identify any conflict minerals from the DRC region that may support civil violence and to ensure our compliance with the applicable disclosure regulations issued by the Securities and Exchange Commission in 2012. Raytheon also is engaged with multi-industry consortia, such as Aerospace Industry Association's Conflict Minerals Working Group, International Aerospace Environmental Group and the Electronic Industry Citizen Coalition's Conflict Free Smelter Initiative. This engagement with a broad coalition of affected industries regarding the complexities of conflict minerals allows us to look at the associated issues more strategically and holistically than as an individual company.

## Product Quality

Raytheon is committed to delivering the highest quality products and services to our customers. The success of our customers' missions is dependent on them. In order to meet this commitment, we have a robust,



WE MUST CONTINUE  
TO DRIVE OUR SUPPLY  
CHAIN PARTNERS TO  
EMBRACE SUSTAIN-  
ABILITY AS A CORE  
BUSINESS VALUE

## WE ARE WORKING DILIGENTLY WITH OUR GLOBAL SUPPLY CHAIN PARTNERS TO IDENTIFY ANY CONFLICT MINERALS THAT MAY SUPPORT CIVIL VIOLENCE.

multi-tiered strategy of risk mitigation to ensure the integrity of our supply chain. As part of this approach, we have implemented a rigorous process at Raytheon to address an industry-wide concern regarding use of counterfeit parts in the global supply chain.

We start at the beginning of the product life cycle, with obsolescence management – by partnering with our Engineering organization to design with availability in mind, we mitigate the need for at-risk products. Once products are identified for procurement, we purchase from original manufacturers or their authorized distributors. Purchasing from the original source is a very effective preventative measure to avoid counterfeits. As technologies evolve and products go out of produc-

### WE HAVE A ROBUST, MULTI-TIERED STRATEGY OF RISK MITIGATION TO ENSURE THE INTEGRITY OF OUR SUPPLY CHAIN.

tion, Raytheon leverages advanced procurement, lifetime buys and redesign activities.

If products are no longer available from original manufacturers or their authorized distributors, Raytheon works with a very small number of electronic component brokers who meet our high quality standards to procure such products in the aftermarket. We use a thorough evaluation and assessment process to select these suppliers; we repeat this process annually to confirm our confidence. Raytheon-approved brokers are required to perform extensive testing and analysis designed to detect counterfeit devices. This data is then reviewed and approved by Raytheon prior to shipment of each lot.

HISTORICALLY, MORE THAN

# 64%

OF ALL RAYTHEON  
"SUPPLIER EXCELLENCE"  
AWARD WINNERS ARE

## SMALL, MINORITY, WOMEN OR VETERAN OWNED BUSINESSES

IN 2013,  
RAYTHEON PROCURED OVER

# \$78M

IN GOODS AND SERVICES  
FROM NEARLY THIRTY  
FORMER AND CURRENT  
PROTÉGÉ COMPANIES

While avoiding counterfeit products remains an industry challenge, Raytheon is leading in many respects the efforts to address this risk. We are proactively partnering with industry and government organizations in multiple endeavors to develop and deploy counterfeit risk mitigation techniques, such as those we've implemented at Raytheon.

### Supplier Diversity

Raytheon's commitment to diversity and inclusion extends to our supply chain as well as our workforce. We believe the best solutions are conceived through diversity of thought. We count on our suppliers that are small, minority, women or veteran owned businesses to provide flexibility, agility and diverse approaches to meeting our needs and those of our customers. Engaging and investing in a diverse supply base reflects the demographics and values of our company, customers and the communities in which we operate.

Maintaining a robust supply chain requires investment. Raytheon has a long history of supporting our diverse suppliers' growth and sustainability through business process improvement, technology support and business development opportunities. Much of this support comes through our Mentor Protégé Program and our support of supplier diversity advocacy groups. In 2013, Raytheon procured over \$78 million dollars in goods and services from nearly 30 former and current protégé companies. Their partnerships with Raytheon allowed them to grow their businesses and give back to their employees and communities. Historically, more than 64% of all of Raytheon "Supplier Excellence" award winners are small, minority, women or veteran owned businesses.

# Safety and Wellness

RAYTHEON'S COMMITMENT TO CORPORATE RESPONSIBILITY IS CLEARLY DEMONSTRATED BY  
**OUR STRONG FOCUS ON PROTECTING OUR PEOPLE.**  
TO PROMOTE THE SAFETY AND WELLNESS OF OUR PEOPLE AND IMPROVE THE QUALITY OF LIFE ENJOYED BY  
ALL MEMBERS OF THE RAYTHEON COMMUNITY, WE CONTINUE TO IMPLEMENT INNOVATIVE PROGRAMS AND  
INITIATIVES AND PROACTIVELY ENGAGE OUR EMPLOYEES, REGULATORS AND COMMUNITIES.



# 30

VPP STAR CERTIFIED SITES  
AT WHICH OVER

# 50%

OF OUR EMPLOYEES WORK

### **Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP)**

Under the OSHA VPP, OSHA evaluates premier worksites demonstrating exemplary safety programs against rigorous safety criteria and recognizes worksites that pass this evaluation with VPP "Star" certification. Through 2013, we have 30 VPP "Star" certified sites, at which more than 50% of our employees work. An additional 12 sites have submitted applications and are awaiting an on-site assessment by OSHA.

We have a formalized internal pre-assessment process to evaluate and ensure a site's readiness for OSHA VPP certification. This process improves our safety program through active employee engagement and management participation. We have 30 OSHA Special Government Employees (SGE) at the company who conduct internal gap analyses and assist OSHA with external VPP assessments. We work closely with regulators to expedite the certification process at our locations.

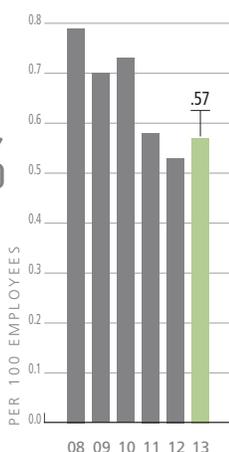
BEHAVIOR BASED SAFETY  
TRAINING PROGRAMS OFFER  
SKILLS THAT ARE APPLICABLE  
BOTH ON AND OFF THE JOB

2013 INJURY  
PREVENTION RATES  
CONTINUE TO BE  
THE BEST AMONG  
AEROSPACE AND  
DEFENSE  
COMPANIES

## INJURY RATES

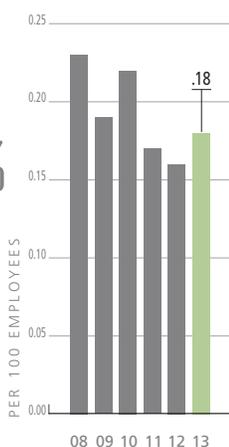
Recordable  
Injury Rate

**-28%**



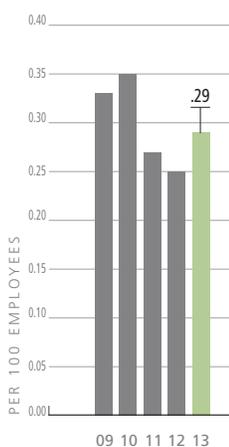
Lost Workday  
Injury Rate

**-22%**



DART  
Injury Rate

**-12%**



Data for DART was first captured in 2009.

### Injury Prevention

Raytheon's ultimate goal is an injury-free workplace, and we have made significant progress toward that goal over the years. We measure our progress using three OSHA performance criteria: recordable injury rate; lost workday injury rate; and Days Away/Restricted or Transferred (DART) rate.

Since 2008, we have reduced our recordable injury rate by 28% and our lost workday rate by 22%. In 2013, our recordable injury rate was 0.57, our lost workday injury rate was 0.18 and our DART rate was 0.29. Although our rates were slightly higher in 2013 compared to our 2012 rates, they are still world-class rates for our varied operations, and they continue to be the best among aerospace and defense companies. While we are proud of our exceptional safety record, we continually seek to improve and enhance our efforts to prevent injuries and promote workplace safety.

In 2013, we introduced behavior based safety training programs for our higher risk locations and populations. The safety awareness skills taught in these training sessions are applicable both on and off the job.

We also continue to use a progressive and proactive risk assessment process, focus on early detection, and integrate ergonomics into Lean Manufacturing activities and engineering design. In recognition of our exceptionally low injury rate and strong safety program, EHS Today magazine named Raytheon one of America's Safest Companies in 2013. Raytheon is the only aerospace company named to the list of the 16 companies honored in 2013 as America's Safest.

### Environmental, Health and Safety (EHS) Audits

We maintain a robust EHS internal audit program that includes approximately 29 audits per year to assess compliance with environmental, health and safety laws and regulations, as well as internal policies and standards. Our internal auditors perform

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LIST OF THE  
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**AMERICA'S SAFEST.**

a number of different types of EHS audits including compliance, OSHA VPP gap assessments and OSHA record-keeping audits. Locations are prioritized for audits based on risk and complexity of operations.

### Compliance

We look to our regulatory compliance record to help measure the effectiveness of our EHS audit program. In 2013, federal, state and local regulatory agencies conducted 131 environmental, health and safety inspections of Raytheon operating locations. A total of five Notices of Violation (NOVs) were issued – two for environmental and three for safety – though none resulted in any fines. We perform a thorough root-cause analysis for each NOV and share “lessons learned” across the company to prevent recurrence. We are proud of our exceptional compliance record.

# Safety and Wellness *continued*

## Employee Well-being

Led by Global Health Resources, in 2013, Raytheon's Mission:Health initiative achieved its highest participation rate to date. Mission: Health is an integrated platform for our total well-being programs, including health care/benefits, wellness and prevention, on-site clinics, work/life and employee assistance. Over the past 10 years, Raytheon has experienced a measureable increase in employee engagement in well-being programs that are strategically designed to promote positive lifestyle behavior change.



In recognition for our efforts, we are proud to have received the 2013 American Heart

Association Fit Friendly – Gold Award, which recognizes companies that fulfill wellness criteria and promote a culture of wellness.

## Wellness Reward

In 2013, Mission:Health enhanced the wellness incentive program designed to reward healthy activities and assist employees in getting started or continuing on a path toward improving their health. Employees were awarded \$250 when they completed their online health risk assessment (Optum Health® Assessment) and received either an on-site health screening or annual preventive health exam. Additionally, spouses/same sex domestic partners of those employees who enrolled



Team Raytheon cycled 1,300 miles and raised more than \$25,000 for the Wounded Warrior Project's annual biking event that helps disabled veterans restore their physical and emotional well-being.

in the Raytheon sponsored health plan were eligible to participate in the Wellness Reward program and earn a reward of an additional \$250.

## Work/Life Programs

Raytheon offers a wide variety of customized programs and services to help our diverse workforce and their families cope with the everyday and out-of-the-ordinary stresses that can affect health and productivity. In 2013, we continued to educate our em-

ployees and family members about available services and programs, including:

Specialized support for employees returning from uniformed service in the military;

LifeResources integrated employee assistance program and resource and referral programs;

2013 SURVEY OF PARTICIPANTS:

**96%** SATISFACTION RATE

## OUR WELLNESS REWARD INCENTIVE PROGRAM CONTRIBUTED TO INCREASES IN:

Employee participation in health assessments from

17% to **30%**

Employee participation in on-site metabolic health screenings from

16% to **21%**

Participating employees earning wellness rewards from

15% to **26%**



## OUR 29 ON-SITE HEALTH CENTERS RECEIVED A 98% SATISFACTION RATING IN 2013.

### Bright Horizons® back-up child and adult care programs;

#### 2013 SURVEY OF PARTICIPANTS:

# 97% SATISFACTION RATE

- Enhanced eldercare program;
- Flexible work arrangements;
- Financial counseling services;
- Group legal plan offering access to a nationwide network of attorneys;
- Estate planning for special needs dependents; and
- Adoption assistance.

#### Clinic Operations

We employ a proactive and preventative approach to our clinic operations. Managed by Global Health Resources, our 29 on-site health centers achieved high customer satisfaction ratings for 2013 – 98% of surveyed

employees stated they would recommend the health center to other employees. They continue to grow as Raytheon's main hub of wellness and preventative health services, providing occupational and non-occupational injury and illness management, disability management, episodic care, travel health counseling and assistance, including deployment preparedness, crisis management and preventive health and wellness.

Raytheon's process for health counseling prior to, and upon return from, travel to countries with elevated public health risks was recognized as a "Best Practice" by CalOSHA during the annual Voluntary Protection Program (VPP) audit.

#### Absence Management Program

The Global Business Services (GBS) Absence Management Program supports the Mission:Health initiative by maintaining a referral system for employees who have occupational or non-occupational injuries or illnesses.

The Absence Management Program is an industry leading program that addresses all phases of occupational and non-occupational absence management to safely return our employees to their jobs, with temporary accommodations if necessary, after a period of absence. The focus of the interdisciplinary team model is on early intervention to facilitate a safe and productive return to work. The teams work closely together to review absences and construct and implement plans to allow employees to return to work as early as possible – determining the necessary accommodations and coordinating with the employee and their supervisor to make return-to-work arrangements. This program has been in operation for several years and has a long record of success in achieving safe and effective returns to work.

# 4,872

spouse/same sex domestic partners completing a health assessment

# +6%

overall health improved by 6% from 2011-2013 for employees who participated in an on-site metabolic health screening for at least three consecutive years

**WE ALSO SURVEYED THE 2013 WELLNESS REWARD PARTICIPANTS REGARDING RAYTHEON AND LOCAL WORKSITE LEADERSHIP:**

# 85%

responded that they agree or strongly agree that Raytheon cares about their health and well-being

# 75%

responded that they agree or strongly agree that their site leadership supports the programs and resources related to health and well-being

## REDUCING OUR ENVIRONMENTAL IMPACT

AT RAYTHEON, WE ACTIVELY ENGAGE OUR EMPLOYEES, OUR CUSTOMERS, OUR SUPPLIERS AND OUR COMMUNITIES IN THE SHARED RESPONSIBILITY OF PROTECTING OUR ENVIRONMENT AND CONSERVING NATURAL RESOURCES. AS PART OF OUR SUSTAINABILITY PROGRAM, RAYTHEON HAS SET 15 LONG-TERM SUSTAINABILITY GOALS ACROSS A WIDE RANGE OF AREAS, INCLUDING OPERATIONS, SUPPLY CHAIN, ENGINEERING, INFORMATION TECHNOLOGY (IT), AND ENVIRONMENTAL, HEALTH AND SAFETY (EHS). THE TABLE TO THE RIGHT ILLUSTRATES OUR PROGRESS TOWARD ACHIEVING THE GOALS.

### EHS ENGAGEMENT AND GOVERNANCE STRUCTURE

## OUR SENIOR LEADERS ARE ACTIVELY ENGAGED

in our EHS initiatives, which helps drive broad employee participation in our EHS programs. A set of robust policies and practices, including our Environmental, Health and Safety Management System Policy (modeled after ISO 14001), governs these programs. The policy covers subjects ranging from management leadership, goal setting, identification of hazards, roles and responsibilities, training, employee participation, tracking of metrics, investigation and corrective action, EHS auditing and continuous improvement.

### ENERGY MANAGEMENT



For the seventh consecutive year, Raytheon received an ENERGY STAR Sustained Excellence Award for continued leadership in protecting our environment through superior energy efficiency. The award was given by the U.S. Environmental Protection Agency (EPA). Raytheon has reduced its energy consumption by 12% since 2008 and 19% since 2002, cumulatively reducing costs by \$123M since 2002.

### ENERGY CONSUMPTION

**-12%**  
SINCE 2008

**-19%**  
SINCE 2002

### GREENHOUSE GAS EMISSIONS



Raytheon received a 2013 Climate Leadership Award in recognition of its significant progress in cutting greenhouse gas emissions and achieving its reduction goal ahead of schedule. Emissions have been reduced 23% since 2008 and 35% since 2002, preventing 1.3M metric tons of greenhouse gas emissions cumulatively since 2002. The award was sponsored by the U.S. EPA in partnership with the Association of Climate Change Officers (ACCO), the Center for Climate and Energy Solutions (C2ES) and the Climate Registry.

### GREENHOUSE GAS EMISSIONS

**-23%**  
SINCE 2008

**-35%**  
SINCE 2002

METRIC		2015 GOAL	RESULTS THROUGH 2013	PROGRESS HIGHLIGHTS
ENERGY		-10%	-12%	The company has reduced energy use by 12% since 2008 – exceeding the goal of a 10% reduction – and by 19% since 2002. We have implemented a number of significant ongoing energy conservation programs as well as hundreds of energy-efficiency projects.
LANDFILL AND INCINERATED WASTE		-35%	-49%	While we have surpassed our goal of a 35% reduction from 2008 levels, we continue to enhance our recycling and composting programs to divert materials from landfills and incinerators. We also began implementing zero waste programs across the enterprise.
SUSTAINABLE BUILDINGS		100%	100%	Raytheon seeks to incorporate sustainability elements into the design, construction and operation of our facilities. We have met our goal of achieving LEED® certification for all new, owned buildings and all major modifications over 50,000 square feet.
GREENHOUSE GASES (GHGs)		-25%	-23%	Since 2008, we reduced greenhouse gas emissions by 23% and we are on target for meeting our 2015 goal. Energy conservation and energy efficiency continue to be the core strategies for reducing our carbon footprint since more than 90% of our emissions are related to energy use.
RENEWABLE ENERGY		5%	5%	In 2013, we purchased or generated 40,280 MWh of renewable electricity, representing 5% of total electricity used. The renewable electricity came from wind, biogas and solar projects.
WATER		-25%	-26%	Our potable water use continues to be reduced. During 2013, we consumed 555 million gallons, down from 754 million gallons in 2008. Since 2008, we have reduced water use by 26%, surpassing our goal.
RECYCLED PAPER		100%	82%	We continue to make good progress in switching to recycled paper in all copiers, printers and print centers. In 2013, 82% of our paper had recycled content, up from 36% just two years earlier. We also have leveraged our paper buying to maximize savings.
IT ENERGY		-1 MW	-2 MW	We have reduced power demand for data centers and computer networking facilities by 2 megawatts since 2010 – exceeding our goal – and by nearly 4 megawatts since 2008. Projects include server virtualizations, energy-efficient data center designs and adoption of cloud computing.
ECO-FRIENDLY PROCUREMENT		+20%	>20%	We have made substantial strides in all three dimensions of our 20% Eco-Friendly Procurement goal. From our baseline year of 2011, we have increased electronic transactions 28%, reduced small dollar office supply orders 20%, and increased green spend on office supply products to 18%.
SUPPLIER SUSTAINABILITY		INCORPORATE SUSTAINABILITY CLAUSES	INCORPORATED SUSTAINABILITY LANGUAGE IN SOURCE SELECTION PROCESSES	We continue to promote sustainability with our suppliers. We have developed sustainability language that we incorporated into our enterprise supplier agreements. A 2013 survey of our preferred suppliers indicated that 95% of survey respondents have sustainability programs/initiatives.
ELECTRONIC WASTE		100%	90%	A review of our domestic processes confirmed that 100% of our e-waste in the U.S. is being handled in an environmentally responsible manner. We have selected a national supplier partner that will manage all domestic e-waste.
FLEET FUEL EFFICIENCY		+20%	+8%	Efforts continue to improve the average miles per gallon (mpg) of our fleet vehicles from a 2009 baseline. We completed fleet assessments, implemented driver education programs and are replacing vehicles over time with models with higher fuel efficiency. The average fuel efficiency of the fleet is 17 mpg.
MATERIALS OF CONCERN IN DESIGN		STRIVES TO MINIMIZE MATERIALS OF CONCERN IN OUR PRODUCTS	DEPLOYED DESIGN FOR SUSTAINABILITY TRAINING. WORKING TO IDENTIFY ADDITIONAL MATERIALS OF CONCERN	We have developed a criteria and ranking process aligned with emerging DoD/Industry standards to identify additional materials of concern. In 2013, we deployed a Design for Sustainability learning module for our engineering population.
PRODUCT MATERIAL CONTENT		ESTABLISH A SYSTEM TO TRACK MATERIALS OF CONCERN IN OUR PRODUCTS	SOLUTION IDENTIFIED AND BEING DEVELOPED	A tracking system was selected and approved in 2013. Development of this system began in the first quarter of 2014.
TRAVEL/SUPPLIER GHGs		-5%	-16%	Since 2011, we have reduced greenhouse gas (GHG) emissions from employee business travel and key logistic suppliers by 16%, cumulatively preventing 48K metric tons of emissions. This substantially surpasses our goal. In 2013, GHG emissions from these sources were 154K metric tons.

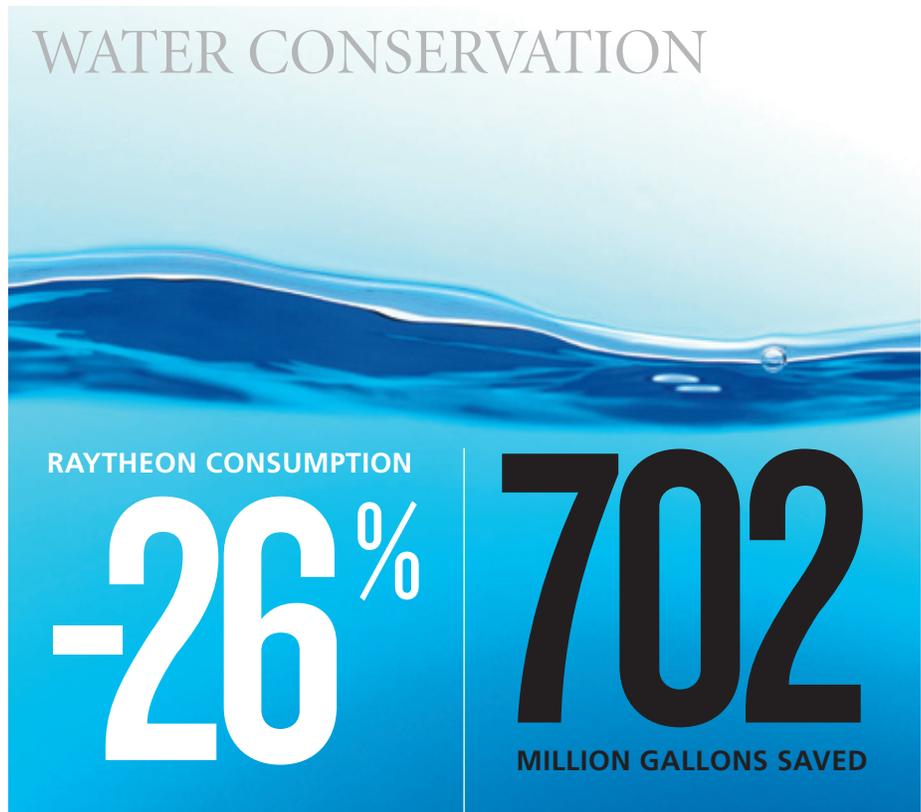


**RAYTHEON WINS CLIMATE RECOGNITION**

Raytheon was named to the 2013 Climate Performance Leadership Index and the Climate Disclosure Leadership Index by CDP® (formerly known as the Carbon Disclosure Project). The leadership indices recognize outstanding climate change action and disclosure. Raytheon was the only aerospace and defense company to be recognized by both indices in both the Global 500 category as well as the U.S. S&P 500 List. Raytheon has been responding to CDP's carbon questionnaire for seven years and its water questionnaire for three years.

THE ONLY  
AEROSPACE  
AND DEFENSE  
COMPANY TO  
BE RECOGNIZED  
BY BOTH INDICES  
IN BOTH THE  
GLOBAL 500  
CATEGORY AS  
WELL AS THE  
U.S. S&P 500 LIST

## WATER CONSERVATION



In 2013, parts of the United States continued to experience severe water shortages. Approximately one-third of Raytheon employees live and work in such water scarce areas, including parts of California, Arizona and Texas. As in past years, we continue to implement water conservation measures across the company. Since 2008, Raytheon has reduced its water consumption by 26%, cumulatively saving 702 million gallons. In El Segundo, Calif., and Tucson, Ariz., we have installed native landscaping that requires no irrigation. In many locations we have curtailed on-site irrigation or installed smart irrigation systems to minimize water usage. We also focused attention on cooling towers, upgrading some to be more efficient and optimizing operation of others to minimize water consumption.

RAYTHEON WAS INCLUDED ON THE 2013

**"100 BEST CORPORATE CITIZENS"**

LIST COMPILED BY CORPORATE RESPONSIBILITY (CR) MAGAZINE

**Electronic Scrap Management (e-waste)**

Annually, we generate and must responsibly manage approximately 500 tons of e-waste, which we define broadly to include obsolete or discarded electronic devices, such as computers, monitors, printers, laptops, tablets, servers, smartphones and anything with a plug. Through a successful proposal process in 2013, we now have a comprehensive enterprise effort underway to consolidate all our e-waste management with one national supplier partner. The supplier is e-Stewards certified, which will ensure all our e-waste is responsibly handled. Portions of our e-waste will be resold or repurposed to extend their useful life and minimize materials that must be recycled. Our supplier agreement will ensure data integrity, environmental responsibility and financial viability.

**Waste Reduction and Recycling**

Raytheon has a longstanding and active waste reduction and recycling program. The foundation of our program is based on EPA's "3Rs: Reduce, Reuse and Recycle." The top priority is to reduce waste by not generating it in the first place. The second priority is to reuse the item or materials as much as possible, followed by recycling the waste. Since 2008, we reduced the amount of hazardous waste we generate by 31%, and the amount of solid waste by 15%. We focus on keeping

**HAZARDOUS WASTE GENERATION**

**-31%**

waste out of landfills and incinerators. Since 2008, we have reduced landfill and incinerated waste by 49%, diverting 12,607 tons cumulatively. As of the end of 2013, many of our sites have implemented "zero waste" programs, which result in virtually all wastes being recycled.

**Recycled Paper**

Since 2011, we have been increasing the use of recycled paper (at least 30% post-consumer content) in our printers and copiers. Using recycled paper is better for the environment because it conserves resources and generates less pollution during the manufacturing process. The project has been successful, with our rate of recycled paper use at 82% in 2013. This project ensures we "close the recycling loop" by creating an ongoing demand for recycled paper. We also have leveraged our paper buying to maximize savings. This is just one example of the eco-friendly procurement initiatives that Raytheon is pursuing.

**LANDFILL AND INCINERATED WASTE**

**-49%**

**100 Best Corporate Citizens 2013**



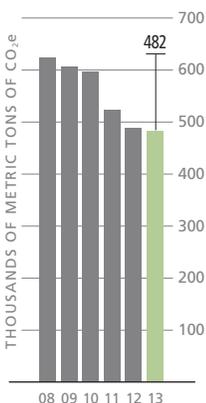
Raytheon was included on the 2013 "100 Best Corporate Citizens" list compiled by Corporate

Responsibility (CR) magazine. The ranking is based on several measures, including environmental management, climate change, human rights, employee relations, corporate governance and philanthropy.

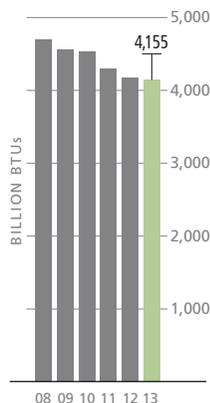
**Environmentally Responsible Restoration**

Raytheon invests significant resources in the responsible cleanup of past environmental contamination. In 2013 we spent \$29 million on environmental remediation. Raytheon is involved in 41 active remediation sites, with a future combined cost estimate of \$198 million (present value of \$133 million before recovery). Of these 41 sites, 22 are former operating locations, nine are current operating locations, and 10 are third-party landfill and recycling locations. Nine of the 41 sites are classified as Federal Superfund sites.

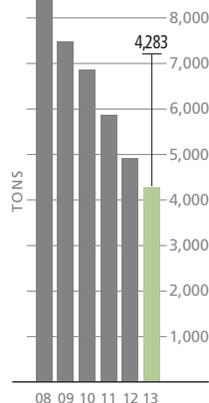
**Greenhouse Gas Emissions**



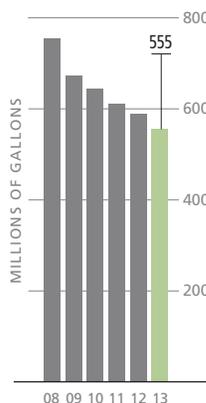
**Energy Consumption**



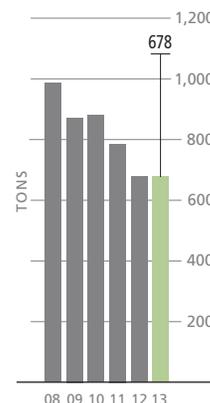
**Landfill/Incinerated Waste**



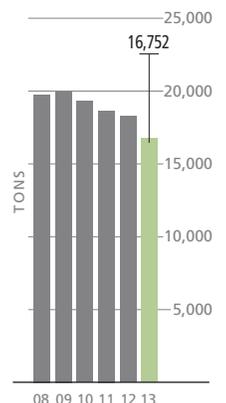
**Water Consumption**



**Hazardous Waste Generation**



**Solid Waste Generation**



# Supporting our Communities

**Engage, Inspire, Empower** To make an impact as a corporate citizen, we pursue a common objective – one that aligns a corporate mission to the benefit of the world around us. At Raytheon, our commitment is to empower today’s veterans through continuing education, while inspiring tomorrow’s professionals to develop and sustain an interest in science, technology, engineering and mathematics (STEM). We’re supporting a generation of professionals who understand the importance of leadership, discipline and perseverance – while working to inspire children to become tomorrow’s drivers of technology and innovation. Our focused corporate citizenship efforts, as well as our partnerships, empowerment programs and employee volunteering efforts, contributed to Raytheon’s second consecutive recognition by The Civic 50 as one of the nation’s most community-minded companies.



MathAlive! Middle East debuted in the United Arab Emirates. The traveling exhibition is designed to encourage the pursuit of math and science with the region’s students.



RECOGNIZED FOR INTEGRATING CIVIC INITIATIVES INTO BUSINESS STRATEGY AND MEASURING THE IMPACT OF THOSE COMMUNITY ENGAGEMENT PROGRAMS



**MathMovesU® STEM Education Events** Thousands of Raytheon employees worldwide shared their knowledge and skills by mentoring students as part of our MathMovesU STEM education initiative in 2013 – providing students with hands-on, project-based learning, one-on-one tutoring, and real-life math and science applications.



### **MathAlive! Presented by Raytheon**

We also promote STEM education through our MathAlive! traveling museum exhibition. MathAlive! is designed to capture the imaginations of middle and elementary school students, bringing math to life. In 2013, MathAlive! continued its tour of U.S. scientific centers, while MathAlive! Middle East debuted in the United Arab Emirates. In total, nearly one million people have visited MathAlive!.

# 257

## MATH HEROES

(TEACHERS AND TUTORS) HAVE RECEIVED GRANTS TO SUPPORT THEIR CLASSROOMS

### **Science, Technology, Engineering and Math (STEM) Education**

In 2012, American students ranked 26th among the world's nations in math achievement while the global economy continued to produce a growing percentage of jobs that depend on math, along with science, technology and engineering. At Raytheon, we believe that corporations have a critical role to play in ensuring that students from all backgrounds receive robust instruction in math and science throughout their academic careers.

MathMovesU engages with students from elementary school through college, supports educators and policymakers, and promotes racial and gender equality within the STEM field.



## Supporting our Communities *continued*

RAYTHEON AWARDED MORE THAN

# 100

EIE SCHOLARSHIPS TO TEACHERS IN

# 28

STATES

EIE PROGRAMS HAVE  
REACHED MORE THAN

# 61,000

TEACHERS AND

# 4.5

MILLION STUDENTS

### **Museum of Science, Boston's Engineering is Elementary® (EiE) Program**

Continuing our commitment to extending the influence of the Museum of Science, Boston's Engineering is Elementary program, Raytheon awarded more than 100 EiE scholarships to teachers in 28 states in 2013. Raytheon and EiE also launched the second of three EiE training hubs in Alabama. EiE's teacher training workshops and curriculum resources have reached more than 61,000 teachers and 4.5 million students. Raytheon and the Museum of Science, Boston also came together in 2013 with Injaz, a member of Junior Achievement Worldwide, to bring EiE's The Little Engineer curriculum to students in the Middle East, further supporting the region's STEM education imperative.

# 250,000

MIDDLE SCHOOL

STUDENTS HAVE

UTILIZED

MATHCOUNTS

MATERIALS





### Raytheon MATHCOUNTS® National Competition

In 2013, 224 of the most gifted middle school mathematics students and their coaches competed in the prestigious 2013 Raytheon MATHCOUNTS National Competition – once again representing all 50 states, the District of Columbia, Puerto Rico, Guam, U.S. Virgin Islands, and the Department of Defense and State Department schools worldwide. In 2013, Raytheon extended its support of MATHCOUNTS through 2018.

### Sum of all Thrills® presented by Raytheon

For the fourth year, Raytheon's Sum of All Thrills experience at INNOVENTIONS® at Epcot® at the Walt Disney World® Resort helped park-goers find their "inner-engineer," as they designed and experienced their own thrill rides. More than two million people have experienced Sum of All Thrills to date.

### Interactive Digital Channels

MathMovesU.com exposes students to the excitement of math in a series of entertaining ways while providing parents and educators with a range of innovative resources. Our MathMovesU presence on Facebook®, Twitter®, Pinterest®, and Instagram®, extends the reach and engagement of the MathMovesU message to followers and fans.



EMPLOYEES VOLUNTEERED WITH

**2,600+**

ORGANIZATIONS ACROSS

**41 STATES**



GUINNESS  
WORLD RECORDS®  
TITLE SET BY

**325**

RAYTHEON  
MATHCOUNTS  
PARTICIPANTS

### Toys for Tots®

A robot named "Blitzen," built specifically to carry presents by a local high school FIRST® Robotics team, helped load more than 1,000 toys for the U.S. Marines' Toys for Tots program at our El Segundo, Calif. offices. The mission of the U.S. Marine Corps Reserve Toys for Tots program is to collect new, unwrapped toys during October, November and December. Raytheon is a major supporter of the U.S. Armed Services and related outreach efforts.

## Supporting our Communities *continued*

### Armed Services Support

Raytheon works each day to give back to the brave men and women who serve. By empowering veterans through continuing education, we believe we are helping war-fighters find success in their civilian lives.

Since 2005, Raytheon has invested more than \$21 million in supporting armed service members. We proudly stand committed to empower those who have chosen to serve their country.

# \$21M

## IN SUPPORTING ARMED SERVICE MEMBERS

### Wounded Warrior Project®

Raytheon's \$2.5 million partnership with the Wounded Warrior Project (WWP) continues to make a meaningful difference in the lives of wounded veterans and their families.

To date, more than 2,700 veterans have graduated from the partnership's Transition Training Academy, which provides information technology training to injured service members and their caregivers who want to compete for 21st century IT jobs.

### Philanthropic Support

Raytheon offered philanthropic support to a number of additional organizations providing resources to service members and their families, including the Congressional Medal of Honor, Air Force Aid Society, the U.S. Navy Memorial Foundation, the CIA Officers Memorial Foundation, the Marine Corps Scholarship Foundation, the United Service Organizations, the Military Child Education Coalition, the Special Operations Warrior Foundation and the National World War II Museum.



### Student Veterans of America

Raytheon and Student Veterans of America (SVA) first joined forces in 2012 with the shared mission of empowering veterans by helping them achieve their higher education goals. The Raytheon-SVA Scholarship is designed to help veterans earn secondary and advanced degrees in STEM subjects. Raytheon's support also provides funding for veterans' leadership training, mentoring and career guidance, as well as research initiatives.

# 2,700

VETERANS HAVE  
GRADUATED  
FROM THE  
PARTNERSHIP'S  
TRANSITION  
TRAINING  
ACADEMY



**Employee Engagement** Raytheon employees continue to demonstrate their personal commitment to furthering STEM education, empowering armed services members and supporting local community projects. In 2013, thousands of Raytheon employees donated their time to more than 2,600 organizations across 41 states. Raytheon employees actively support MathMovesU events across the country, and they embrace Raytheon's promise to honor veterans. Raytheon employees joined the company in donating more than \$550,000 in support of disaster relief in 2013, including more than \$475,000 in combined donations to The One Fund® Boston. Employees also donated \$6.5 million to educational institutions and local cultural, social service and civic organizations.



FOLLOW MATHMOVESU ON INSTAGRAM FOR PHOTOS OF OUR VOLUNTEERS ENGAGING WITH STUDENTS IN THE COMMUNITY.



**\$1.1M**

IN SCHOLARSHIPS GRANTED

\$6.5M IN EMPLOYEE GIVING TO  
EDUCATIONAL INSTITUTIONS AND  
LOCAL ORGANIZATIONS



# Awards and Recognition



For the ninth consecutive year, Raytheon achieved a score of 100% on the Human Rights Campaign® Corporate Equality Index, recognizing achievements of the company in creating an inclusive and open environment for all.



EHS Today® magazine named Raytheon one of America's Safest Companies, the only aerospace company of the 16 companies honored in 2013. Raytheon was first recognized as one of America's Safest Companies in 2008. Companies are considered for recognition based on an evaluation of the previous five years of safety performance.



Raytheon won a place in The Civic 50 ranking of most community-minded companies. The annual survey recognizes companies for their commitment to improve the quality of life in the communities where they do business. Raytheon was highlighted in the report for integrating its civic initiatives into its business strategy and measuring the impact of those community engagement programs.



In recognition of its outstanding climate change action and disclosure, Raytheon was named to the 2013 Climate Performance Leadership Index and the Climate Disclosure Leadership Index in both the Global 500 category as well as the U.S. S&P 500 List. Raytheon is the only aerospace and defense company to be recognized by both indices in both categories for 2013.



For the eighth consecutive year, Raytheon has been named one of Computerworld's® "100 Best Places to Work in IT." Computerworld evaluates companies with IT functions based on their workplace diversity, opportunities to pursue innovative work, training, benefits and compensation.



Raytheon was recognized by Corporate Responsibility (CR) Magazine on its "100 Best Corporate Citizens" list for 2013. Companies earn this recognition based on hundreds of publicly available data points measuring performance in several categories, including environmental management, climate change, employee relations, human rights, governance and philanthropy.



The readers of Woman Engineer magazine ranked Raytheon No. 39 on the list of Top 50 Employers for 2013. The rankings reflected the top companies in the country, both in the private and public sectors, for which the readers of Woman Engineer magazine would most like to work or whom they believe would provide a positive working environment for women engineers.



The U.S. Environmental Protection Agency has recognized Raytheon with an ENERGY STAR Partner of the Year – Sustained Excellence Award for continued leadership in protecting our environment through superior energy efficiency. This is the seventh consecutive year Raytheon has received this specific award.



Raytheon was ranked No.10 by the readers of Minority Engineer magazine on its list of Top 50 Employers for 2013. In the annual survey, randomly selected readers of Minority Engineer magazine selected the top companies in the country where they would most prefer to work or they believe are progressive in hiring minority engineers.

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RAYTHEON COMPANY

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**Richard R. Yuse**

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FROM LEFT TO RIGHT: R. YUSE, M. RUSSELL, L. DUGLE, D. WAJSGRAS, D. WILKINS, K. PEDEN, T. LAWRENCE, T. KENNEDY, W. SWANSON, R. RHOADS, J. STEPHENS, E. MIYASHIRO, P. WICKHAM, L. HARRINGTON, J. HARRIS, D. CROWLEY

\*Lead Director \*\*Mr. Deutch and Mr. Poses retired from the Board effective May 30, 2013. †Mr. Oliver was elected to the Board effective November 21, 2013. ♣As of March 31, 2014 Mr. Swanson stepped down as Raytheon CEO and Mr. Kennedy succeeded him. Kennedy was appointed to the Board on January 15, 2014. ▲Mr. Culligan retired effective December 31, 2013. ◆Mr. Harris was appointed effective September 16, 2013. Photo: March 2014

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**Raytheon**

*Customer Success Is Our Mission*



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