

Recap of the Supplier Performance threshold changes

In previous awareness communications, we mentioned the revisions to the individual metrics and specific thresholds. The three key Supplier Performance metrics cover Quality (PPM and Escapes) and Delivery (OTD).

The table below provides the revised thresholds that are now in effect:

On-Time Delivery	Quality - PPM	Quality - Escapes	Category
≥ 95%	<100 PPM	≤ 1 Escapes	Performing
≥ 90% but less than 95%	≤250 PPM	≤ 6 Escapes	Progress
<90%	>250 PPM	>6 Escapes	Underperforming

*For a low volume (<10,000 pieces in a 12-mo. rolling), Escapes are used to determine performance level. For a high-volume supplier, PPM is used.

What does that mean for you?

Driven by Collins Supply Chain harmonization efforts thresholds that indicate a supplier's performance are being aligned. There will be no functional changes to the current user experience of the applications. Locations, look and feel have all remained as they are today.

Question: Why are the thresholds being aligned?

Answer: As mentioned, this alignment activity is part of our Supply Chain harmonization efforts across Collins and Raytheon Technologies (RTX), and in line with evolving customer expectations. The new thresholds support the Collins Aerospace strategies to improve suppliers' quality performance.

Q: Are we still distinguishing between high and low volume suppliers?

A: Suppliers are classified as High or Low volume depending on receipts in a 12-month period being below or over 10,000 pieces. Low volume suppliers utilize escapes, High volume utilize PPM.

Q: My performance level changed; how can I improve my performance?

A: We recognize that the revised thresholds have impacted the current Performing/ Progressing/ Underperforming status of our suppliers. Our expectation is that all suppliers should strive to perform at the highest level possible; with that in mind, we recommend utilizing your buyer/relationship manager to work on a plan to improve performance as needed/desired. Our Global Supplier Development team has regional resources that can also be made available in support of your improvement journey.

Q: What if I have an existing contract or am currently in contract negotiations with Collins?

A: For contracts that are currently in place, that specifically call out a performance criterion different than the Collins standard, that is still valid/active that criteria will be maintained for the contract specific items/term. If appropriate for the current negotiation in process, your Collins

representative will ensure that terms related to these key performance metrics, if referenced, are in line with the revised Collins standard.

Q: What if I have an existing Sustainable Improvement Plan (SIP) that I am currently working with Collins?

A: You will continue to work with your Collins teams on your SIP activity, these development activities are meant to support improvement to a higher level of performance, no matter what your current performance category is.

What do you need to do?

As Collins continues to transform and evolve into activities that impact partners outside our walls, we would like to provide the opportunity for you to give feedback on these activities. A Collins Supplier Scorecard threshold specific feedback survey is available here:

<https://collins.surveymonkey.com/r/YLLZTNR>

As Raytheon Technologies continues to harmonize our supplier performance program, now titled Performance+, you can stay informed on how we are driving performance excellence and collaborative relationships with our suppliers on the [Performance+ site](#) and via the [FAQ](#).

If you have any questions, please reach out to your Collins Quality Engineer or Supplier Development contact.