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AWE is the trading name for AWE plc. AWE is a Government Owned, Contractor Operated organisation. AWE is operated by a joint venture of Jacobs Engineering, Lockheed Martin, and Serco.

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We are AWE
Understanding our business



We are AWE

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Summary

Hello and welcome to “We are AWE”.

We are at a challenging and exciting time in AWE’s history. We have the opportunity – in a way we haven’t before – to shape the company, to expand the business, to firmly guide it in the direction we want to go.

To do this, I need your help. At the heart of AWE are people – thousands of people who make a difference every day, and whose support I need in order to drive our business forward.

Over the last 12 months, we have introduced our Commitment, a new Business Model, our Leadership Model as well as a new Enterprise Strategy. This is a lot to take in, and there will be more to come.

I’ve taken the decision to provide everyone in the company with a copy of “We are AWE”, because it’s so very important to our success. I believe it holds the key to our future, and I’d really like you to take the time to read it.

I also understand that many of you don’t want to read a weighty management document. For that very reason we have designed the latter part of this booklet, the part containing the Enterprise Strategy, with reader-friendly summaries of the key points.

I hope this helps you to understand why AWE needs to change, the direction that we’ll take, and how you can contribute to our success. As we develop and continue to share our plans, I look forward to working with each of you to build our future . . .



Robin McGill
Chief Executive Officer
AWE

Our Commitment

Our Commitment is a firm statement about the sort of company AWE wants to be. It recognises both our distinguished and impressive history, as well as providing the building blocks of what our future will hold.

Our Commitment sets out the shared undertaking that everyone at AWE owns and believes in, it provides us with direction and a common purpose.

A distinguished history of safeguarding the Nation for almost 60 years

Nuclear know-how and technical expertise, past, present and future

Positioning ourselves as a trusted partner to UK Government, delivering national nuclear security solutions

Building on our **proud heritage**, our **excellent people and technologies**, we will create a unique and **internationally recognised, trusted partner to UK Government**, delivering **innovative and integrated national nuclear security solutions**.

At the forefront of non-proliferation and counter-terrorism strategies

World-leading technology and ground-breaking science, expanding the boundaries of our core mission



Our Values

As our Commitment sets out our shared direction, so our Values help us to understand the behaviours that we place at the heart of our day to day operations.

Our Values impact every element of our organisation, they answer the question as to how we will behave to deliver our Commitment and give us a clear outline of behavioural standards.

PRIDE – we recognise past achievement and are proud to contribute to our nation's security.

EXCELLENCE – we deliver excellence at every level, behaving ethically and professionally, continually striving for improvement.

INNOVATION – we lead the way in delivering innovative and integrated solutions, pushing the boundaries of science and technology in the nuclear defence environment.

TRUST – we build trust in all that we do, meeting our promises and commitments to each other, our neighbours, our customer and our country.



All staff "Ready for Business" presentation, 2009

Our Leadership

We believe in strong leadership. As a member of AWE, you can expect to experience the following behaviours from those that you work with, in turn, those that you work with can expect the same behaviours. Building and developing our leadership performance is central to AWE's success.

At AWE, our leaders:

- Shape the future
- Build effective relationships
- Energise the team
- Deliver results
- Model personal excellence, integrity and accountability



Our **Business model**

Our Business Model underpins our operational approach. We continually strive to balance programme delivery with achieving financial success, always maintaining operations in a safe, secure and clean fashion.

AWE provides and safeguards the UK's nuclear deterrent, this is a role which we are proud to play. Our brand and reputation are as important to us as staff members, as they are to our customer and our wider community. Protecting our licence to operate, operationally as well as emotionally, is at the heart of our business, and it is the responsibility of us all.



AWE Enterprise Strategy

Our future direction

Our Enterprise Strategy is an important document for AWE. It sets out a clear direction for our future. Importantly, it is a document we have shared with our MOD customer, and it has their support.

For our customer, the Enterprise Strategy ensures programme delivery, supporting the UK's nuclear deterrent at lowest cost. It reduces risk and sustains core national nuclear security capability.

For our shareholders it demonstrates value for money.

For the UK, it protects our capability in the broader national nuclear security arena.

And importantly, for us as AWE employees, it creates an exciting and sustainable future.

Our External Environment

Defining the need for change

Neither AWE, or UK Government has an endless pot of money, so we need to be able to **deliver** our core mission in the most **cost effective** way. The world outside is **changing**, and we've got to keep up. We must find **innovative** and fresh ways of doing what we already do. We will **work closely with government** to provide **ongoing programme delivery at lowest possible cost.**

For nearly 60 years, AWE has been privileged to provide stewardship of nuclear warheads, including support to Continuous At Sea Deterrence (CASD). Our proven track record has positioned us as a trusted partner to UK government.

Combined with our heritage, our long-standing relationships with the US enable us to provide innovative and integrated solutions representing excellent value for money. AWE demonstrates science and engineering excellence that stands on a par with the US programme.

With just one warhead system, AWE is however prone to sharper peaks and troughs in the utilisation of the skills and capability required to support the product life-cycle. Our future strategies must ensure that we retain the employee skill-set for the long-term, minimising radical and cyclical shifts in the shape and nature of our workforce.

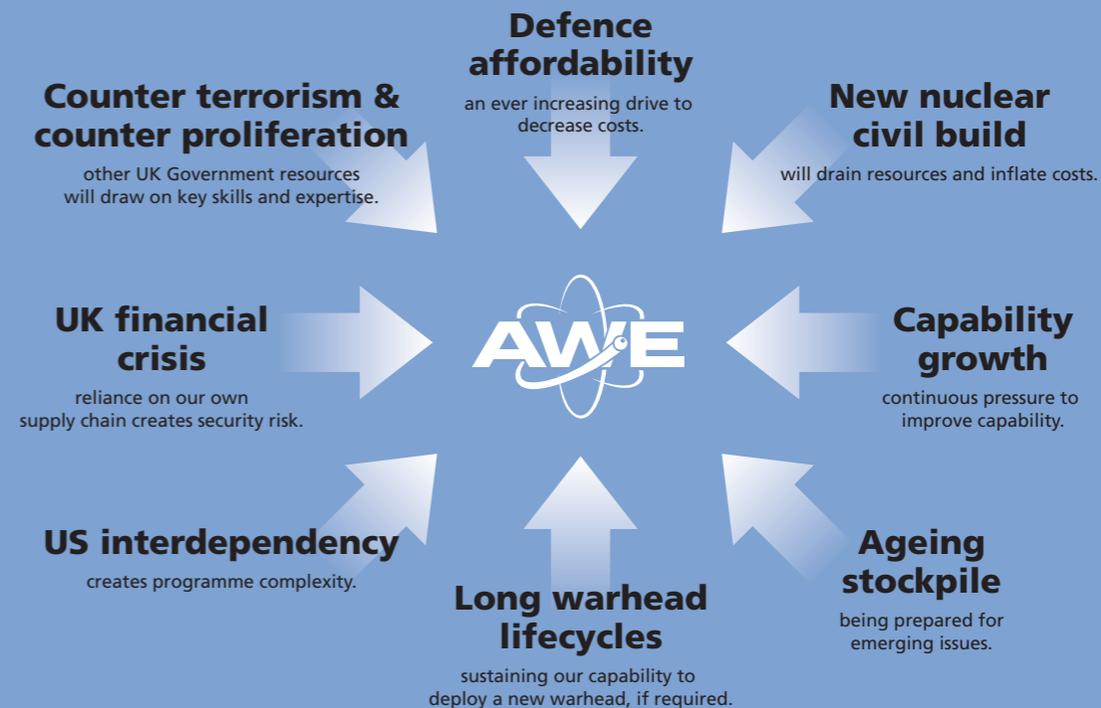
AWE needs to be able to respond positively to the affordability constraints which are associated with the core programme to underpin warhead provision. AWE has a critical role to play in being innovative, helping to develop credible, long-term strategies which ensure that the UK deterrent remains safe and effective in support of CASD.

AWE must consistently deliver exceptional performance and value for money, helping to demonstrate that a contract re-bid is unnecessary. While ultimately any decision to re-compete the requirement will be outside AWE's remit, we shall continue to focus on delivering the core programme, with a clear emphasis on sustaining levels of performance and value for money that make such a course of action unnecessary.

AWE's external environment is changing, and AWE must respond to this change. Our programme is vital in maintaining the UK's nuclear deterrent. It is of national strategic importance. Taking account of programme priorities and the resources required to deliver our customer's requirements, our strategy must drive innovation, working in partnership with UK Government to deliver ever better ways of working across the entire programme.

AWE must not rest on its laurels of past performance. It must provide the customer with ongoing, innovative strategies that will deliver real value into the future.

Pressures on the AWE Enterprise environment



Our Proposition

The direction we will take

Our **priority remains the nuclear deterrent**, which is vital to the security of our country. We have **unique capabilities** which, if developed sensibly, will secure AWE as a long term national asset.

It costs a lot to maintain our capability and **new sources of income** will help to ensure AWE's future. We must adopt new ways of working to create a balanced future.

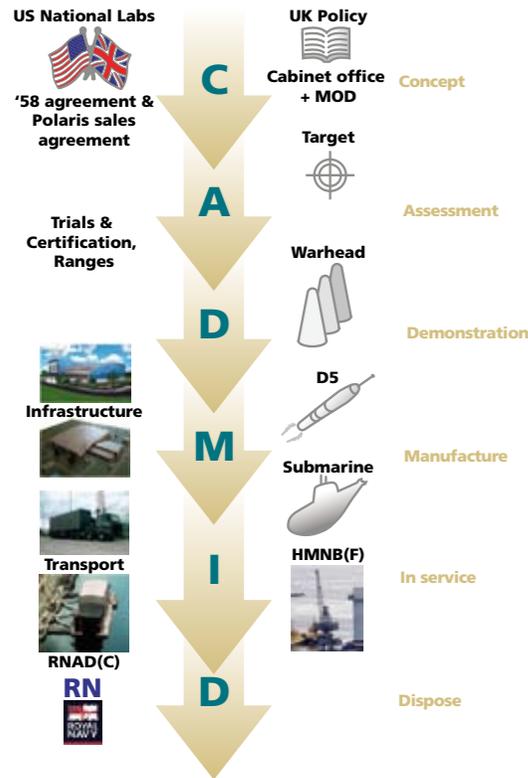
The nuclear warhead programme will remain firmly at the heart of AWE's activities; this is our mission for our MOD customer. AWE also has a unique set of capabilities available for UK Government.

If developed at a sensible and sustainable pace, this offer could reap substantial value for money benefits, positioning the Enterprise as a long-term national asset, providing enduring support to UK Government.

AWE must create a future that balances the protection of core skills against the provision of cost effective approaches that will minimise the whole-life cost of the deterrent. Our Enterprise Strategy will focus on three themes to achieve this:

We must deliver high performance in the core CASD Programme

AWE must adopt a strategy that drives different ways of working. We must deliver cost-efficiencies throughout our current programme. We must be innovative in our approaches. We will seek to maximise the productive capability across our facilities by tackling problems of national importance which will ensure capability exists to support our product throughout its extended life-cycle. We must balance cost-efficiencies against the need to continuously retain and maximise the skills and expertise to respond to the challenges of the future.



Through-life stewardship – vertical integration

AWE is uniquely positioned to examine the overall delivery of the warhead, up and down its lifecycle, from concept through to its ultimate disposal.

The development of our through-life stewardship approach is already in evidence. Our responsibilities within the convoy contract have been expanded, providing tangible cost and efficiency savings. Our review of operations at Coulport has the potential to release substantial savings back into the MOD.

Key to our success will be the way that we operate with our partners. We need to work side-by-side to leverage the strength of the Government Owned, Contractor Operated (GOCO) model. A full review of the CADMID cycle (concept, assessment, design, manufacture, in-service, dispose) is likely to identify further opportunities where costly interfaces can be reduced, and operational efficiencies can be generated. We will continue to look for overlap and duplication that can be removed to reduce the obligations of the MOD.

AWE must take a close look at the overall delivery of the warhead, up and down its lifecycle.

Expanding into adjacent national nuclear security markets – horizontal integration

With AWE's unique capability and expertise comes a high fixed cost in maintaining it. Expansion into the provision of wider, national nuclear security markets will provide many benefits. Notably, it will provide a revenue stream which can be used to off-set some of the aforementioned costs.

AWE is also a national asset. Expansion into adjacent markets will enable us to utilise an existing nuclear weapons skill base to support Government policy in, for example, the prevention and proliferation of nuclear warheads, the promotion of nuclear disarmament, and the protection of national nuclear security.

This horizontal integration will enable AWE to further sharpen our skills. It will not only provide the workforce with renewed challenge, it will also provide the UK Government with a rapidly deployable skills base that can be used both on the core weapons programme and in response to emerging national nuclear security needs.

In addition to delivering the core nuclear warhead programme, providing high-performance, innovation and value for money across the programme will be our priority. Any broadening of our offer will be done in a staged, incremental manner. Crucially, new work is only targeted to be not more than 15% of AWE's overall activities in the next five year term, underpinning the credible pace of change which we intend to take.

The ultimate goal of AWE is to build on its unique knowledge and expertise, being a catalyst to enable change, consolidating research and development, releasing savings both inside and outside the strategic weapons programme.

Our Approach

How we intend to change over the next five years

We need to **change** over the next five years, and we have **five important goals** that will help us reach our destination.

We will:

- **Raise our performance** in everything that we do
- **Transform AWE** into a lean, flexible organisation that can respond to customer requirements and **exploit opportunities**
- Clearly **position AWE** as a **world class national nuclear security partner** to government
- **Protect long term deterrence** by optimising investment
- **Develop capabilities** for broader national nuclear security solutions

AWE's Enterprise Strategy outlines five Strategic Imperatives to transform the business over the next five years.

Our Business Plans will set priorities and measure our progress.

For AWE, our priorities will be . . .

Short Term

AWE will raise its performance so that it can continue to provide core programme delivery and long-term value.

We will:

- Deliver the Management & Operations contract requirements
- Deliver exceptional performance and value for money, demonstrating that a contract re-bid is unnecessary, avoiding disruption and a loss of momentum to our core programme delivery
- Provide long term value for money to the MOD, UK Government and the tax payer
- Develop and shape our workforce so that it provides long-term nuclear capability to UK Government

Transform AWE into a leaner, fitter organisation that is not only flexible and motivated to respond to changes in customer requirements, it is also able to exploit emerging opportunities.

We will:

- Restructure the organisation to improve accountability and drive key programme outputs
- Support staff throughout the transformation through leadership, communication, behavioural and skills development
- Drive out inefficiencies and improve quality
- Leverage supply chain relationships

Mid Term

Clearly position AWE so that it is recognised as a world class, internationally renowned, defence and security contractor to government.

We will:

- Raise AWE's external profile so that it is not just a "bomb supplier": we will be recognised by UK and international governments as a centre of excellence and trusted partner for national nuclear security
- Create an organisation that attracts and retains the very best scientific and engineering talent

Long Term

Protect the long term deterrence by optimising the balance of the M&O investment, developing AWE capabilities for broader national nuclear security exploitation.

We will:

- Protect the current stockpile and ensure CASD, de-risking the programme
- Define and deliver a technical strategy that focuses capability investment and reduces long term technological risk

Exploit synergies and overlaps within the warhead product lifecycle, protecting and developing our capability through the broader national nuclear security environment.

We will:

- Enhance outcomes to UK Government including value for money
- In conjunction with our parent companies, we will identify opportunities for the integration of related government defence and nuclear security capabilities into the AWE enterprise to realise synergies and deliver cost savings
- Support appropriate participation in key UK Government and nuclear security policy development forums to ensure informed decision making



Summary

The future AWE

Our need for change is clear: our warhead lifecycle is long, government budgets are under pressure, our overall value to government must be continuously improved. AWE must be recognised for the role that it plays in delivering innovative high performance and value for money in supporting CASD. We will be at the heart of the UK's nuclear defence.

We must work as a trusted partner to UK Government, identifying and maximising opportunities where both operating and cost efficiencies can be created, overlaps and interfaces minimised. AWE will add value throughout the product life-cycle.

AWE will maintain a highly capable workforce, with exceptional science, engineering and technology skills. The operation of our facilities will be regarded as world-class.

We will be innovative in our approaches, offering appropriate quality programme delivery. We will manage costs, and exploit wider opportunities as they present themselves. We will help to create a sustainable home for the UK's nuclear deterrent capability.

Working as a trusted partner to UK Government, and through the delivery of our Strategic Imperatives, we will be internationally renowned for offering unrivalled scientific and technical expertise within the national nuclear security arena.

We will:

- **Protect the deterrent** – by ensuring long term core capability to enable CASD, providing a safe home for the strategic deterrent
- **Deliver high performance** – so that we retain and develop our core contract; ensuring that it provides enduring value-for-money, a long term source of income, as well as being a platform for future expansion
- **Be lean, fit and responsive** – reducing operating costs, increasing flexibility, delivering ever changing customer requirements
- **Secure our capability** – developing and exploiting our core competencies, offering ever broader solutions to UK Government

A photograph of a modern building with a curved walkway and a tall lamp post. The building has a dark, textured facade with horizontal slats. The walkway is white with a wooden handrail. The lamp post is tall and silver with a circular top. The sky is blue with some clouds.

We are AWE