



A supplier's guide

How to get paid on time

Introduction

Rolls-Royce is committed to paying its Suppliers on time. This guide includes some simple, practical measures for Suppliers to follow and help ensure on-time payment.

For selected parts of the Rolls-Royce Group, we are now able to report our On-Time Payment Performance at a Supplier level. Contact your Buyer to obtain a copy of your report.

Proactively Preventing Late Payment

The following four simple steps can help Suppliers to improve on-time payment:

1. Obtain a Purchase Order

Purchase Orders (or equivalent agreements) set out what Rolls-Royce has ordered.

What could go wrong:

- Without a Purchase Order (or equivalent), contractual terms may not be clear or properly recorded in our systems and will default to our standard terms.
- Working with an inaccurate Purchase Order greatly increases the risk of late payment because the queries will have to be clarified before payment can happen.
- Purchase Orders may not be renewed before they expire e.g. "framework orders".
- The lack of a Purchase Order often results in misunderstanding of the requirements
- Goods and services without a formal order may not be required and are at risk of cancellation.
- Rolls-Royce reserves the right to refuse delivery and subsequent payment of invoices not covered by a valid Purchase Order.

How to prevent this:

- Obtain a Purchase Order before starting work.
- Check its accuracy at the start – e.g. delivery dates, quantities, price, payment terms.
- Request corrections as soon as possible – confirm with re-issued order.
- Make sure that any verbal changes discussed with our teams are promptly reflected in updated and re-issued orders.
- Make sure that Purchase Orders are renewed on a timely basis.
- Confirm how Rolls-Royce will record the receipt of goods or services.

2. Rolls-Royce Receipt of Goods

Most of our purchases of goods and services require us to record receipt on our systems.

What could go wrong:

- Failure to promptly record receipt/delivery can result in invoices being queried and payment delayed.
- Incorrect paperwork sent with deliveries can cause the receipt by Rolls-Royce to be held up or even rejected.

How to prevent this:

- Obtain evidence of receipt from us as soon as possible – either a Goods Receipt number or a Service Entry Sheet number or equivalent. These numbers should be quoted on the invoice.
- Opt into the Rolls-Royce collection service if its available.
- Note that Supplier “proof of delivery” helps resolve problems, rather than prevent them.
- Check the accuracy of the paperwork before despatch and ensure it is in accordance with the order and other Regulatory requirements.

3. Raise a Valid Invoice

Suppliers are required to send Rolls-Royce accurate invoices as promptly as possible (note self-billing exempts Suppliers from this requirement). Rolls-Royce will match the invoice with the original order and delivery/service receipt before approving it for payment.

What could go wrong:

- Invoice details are often different from the delivery documentation or the Purchase Order.
- Invoices may not comply with legal requirements (e.g. for VAT).
- Rolls-Royce may record the invoice incorrectly.

How to prevent this:

I. Accurate Invoicing

Accurate invoices should be sent to Rolls-Royce as soon as delivery is made or as otherwise agreed with the Rolls-Royce Buyer.

- Invoices must fulfil the normal legal and statutory requirements of the Supplier's country of origin; it is the Supplier's responsibility to ensure invoices comply. Non-compliant invoices will be returned unpaid.
- Double check the accuracy of invoices before sending them out.
- Rolls-Royce business language is English. Invoices in other languages will require translation and risks delays in payment.
- Quote Purchase Order details or line item reference as applicable on the Purchase Order.
- Quote your delivery note number or Service Entry Sheet references as applicable.
- Insist on a Purchase Order or risk delays to payment whilst we validate your invoices or even non-payment.
- Opt into the Rolls-Royce "self-billing" process (ERS).
- Consider using electronic invoicing to reduce the probability of mistakes.
- If invoicing via Coupa:
 - Ensure that your legal entity has been set up with your full Company Name and Address in line with VAT Requirements as this detail will be used to populate bill-to address details on the legal tax PDF invoice generated by Coupa.
 - Ensure that the category dropdown for Goods/Services is appropriately populated.
 - Ensure that item descriptions are sufficiently detailed to allow proper classification of costs in line with VAT Requirements.

In the rare circumstances that there is no Purchase Order, we require full contact details of the person you have dealt with. Invoices without such details will be returned to you unpaid.

II. Send Invoices to the Right Place

It is important that invoices go directly to the correct Accounts Payable location (NOT to the Rolls-Royce Buyer unless expressly told to do so). Failure to do so will almost certainly result in additional queries and late payment.

- Check Purchase Order – it states the RR legal entity and "bill-to" address to use.
- If you do not have a Purchase Order, contact your Rolls-Royce Buyer to obtain one.

III. Payment Terms

The payment terms Rolls-Royce is expecting to use are noted on the Purchase Order. If these are NOT the agreed terms, you will need to contact your Rolls-Royce Buyer to make the necessary changes to the Order.

Please note

- Rolls-Royce generally operates a weekly Supplier Payment Process and Rolls-Royce pays Suppliers at the end of a week (Friday). Sometimes when Friday is a public holiday, it is not possible to make the payment. Accordingly, payment will be on the next business day.
- Payment dates are based on a number of factors including invoice date, delivery date, service receipt date, requirement date, invoicing accuracy and late invoicing.
- Invoices received without a Purchase Order will be paid in accordance with payment terms of 75 days unless there has been prior agreement with both procurement and the Finance Service Centre. This reflects the timescales in which Rolls-Royce can commit to processing and paying non-PO invoices due to the manual intervention necessary to facilitate the payment.

The Rolls-Royce Supplier Finance scheme could help you to get paid in advance of the agreed contractual payment terms for a fee. Please discuss with your Rolls-Royce Buyer for details.

3. Preventing Fraud

To protect both Rolls-Royce and Suppliers from fraud, we independently verify banking details before we use them. This will affect all new Suppliers and changes requested by existing ones.

If a Supplier has not done business with Rolls-Royce within the last 3 years, the banking details will need to be re-submitted and verified before payments can be resumed.

Please comply with our verification requests in a timely manner to avoid payment delays.

Resolving Queries and issues

Raise your queries with Rolls-Royce promptly

Occasionally Suppliers may have queries on invoices awaiting payment. The appropriate RollsRoyce Accounts Payable team should be contacted as soon as possible (using phone numbers on the Rolls-Royce purchase order), to ensure they are resolved quickly and payment made on time.

Queries take time to resolve, so please don't wait until the due date to raise them.

Answer Rolls-Royce Queries Promptly

The Rolls-Royce Accounts Payable team will periodically raise queries with Suppliers. Note that the affected invoices will be held from payment pending successful resolution of any issues.

- Credits notes to address invoicing issues should be sent to Accounts Payable as soon as possible - the associated disputed invoices will not be paid until we have received and processed them.
- Credit notes should include full details of the Purchase Order and invoice to which they relate.

© 2022 Rolls-Royce plc

The information in this document is the property of Rolls-Royce plc and may not be copied, communicated to a third party, or used for any purpose other than that for which it is supplied, without the express written consent of Rolls-Royce plc.

APPENDIX - Rolls-Royce terminology

Blocked invoice – Invoice received but no receipt of goods/services. Dealt with by Rolls-Royce Buyers (Aerospace.)

ERS purchase orders – Evaluated Receipt Settlement is a form of “self-billing” where invoices are raised by Rolls-Royce, based on purchase order details and valid receipt of goods (Aerospace). When used in conjunction with Matrix/Manifest it is a key enabler for on-time payment.

Framework Order – SAP order typically used to cover supplies over a period of time.

GRIP – Goods received but not matched to a valid order or invoice.

Matrix/Manifest – the Rolls-Royce global logistics goods collection service, a highly reliable goods receipting and transportation system and a key enabler for on-time payment.

Procurement Information Brochure (PiB) – annual declaration by Suppliers of their key information, including bank details used for payment. Used to update the Vendor Master File (North America.)

ProcurePass – on-line buying system, part of the Exostar software suite. Invoices are sent to RollsRoyce using details on ProcurePass.

Purchase order – formal document which sets out the local specific requirements, schedule and terms of what Rolls-Royce has ordered. Used to validate and approve invoices for payment.

Query invoice – Invoice not matched to receipt. Dealt with by Rolls-Royce Buyers (Marine.)

Service Entry Sheet – Record of a service being received by Rolls-Royce (Aerospace.)

Schedule Agreement – A type of automated SAP purchase order mostly for Goods purchasing and used in conjunction with the ProcurePass system.

Unverified invoice – one or more queries on an invoice e.g. no receipt, wrong price or quantity. Dealt with by Rolls-Royce Planning & Control MRP Controllers (Aerospace.)

Vendor Master File – computer record of suppliers' details, including bank details.

Date of issue	14 June 2022
Version	Version 2.2
Owner	Group CPO