



# OUR GROUP POLICIES

Rolls-Royce Holdings plc

Version 21, February 2021: Updated policies on 1) Product Safety, and 2) Conflict of Interest and personal relationships



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### Important Notes:

Breaches of any of the Group Policies are not acceptable and may result in disciplinary action up to and including dismissal.

All employees are encouraged to speak up if they know of, or suspect, a breach of any of the Group Policies. Further guidance can be found in our Speak Up Policy.

Save by expressly agreed exception, these Group Policies apply worldwide. In the event of a conflict between a Group Policy and applicable local laws, local laws shall prevail. In the event there is no conflict between the Group Policy and applicable local laws but the Group Policy imposes a higher standard and/or more onerous requirements than local laws, the higher standard and/or more onerous requirements of the Group Policy shall prevail.

Please note that in some locations, some policies have not yet been adopted. If in doubt about whether a particular policy applies you should refer to your local Engine Room pages or HR manager.

# INTRODUCTION

Like all large multinational companies, our shareholders, regulators, customers, suppliers, partners, fellow colleagues and the communities in which we operate expect us to be clear on the values we hold that underpin the type of company we want to be.

Our Group Policies, in conjunction with Our Code, define our values, supporting principles and the expectations we place on all of our people in order to maintain consistent standards across the Group when carrying out particular activities in our day-to-day work.

Our Code and the Group Policies form a key part of the Rolls-Royce Framework. All of them are mandatory, so need to be understood and followed by everyone at Rolls-Royce. By doing so, and helping colleagues do so, we will together ensure that we can be at our best and adhere to our values:

OPERATE SAFELY  
TRUSTED TO DELIVER EXCELLENCE  
ACT WITH INTEGRITY



Mark Gregory  
General Counsel

# FOREWORD ON RISK MANAGEMENT

Pioneering companies push boundaries, take risks and make great things happen. But risk taking needs to be done sensibly and openly. We need to take risks where we can create value and then manage those risks to protect value and our reputation.

Managing risk effectively is critical to our ongoing success and resilience as it:

- provides competitive advantage by creating and protecting value through improving the decisions we take;
- supports us to deliver reliably to our customers and sustainably improve our cash generation; and
- improves our other stakeholders' confidence in our ability to achieve our strategic goals.

Our risk management system aligns with our vision and supports our desired ethical and lean high performance culture. It makes the risks that matter visible to inform the right actions to be taken to make the best use of our resources.

Managing risk is every employee's responsibility. Our Group Policies and our risk management system set the standard that enables us to live up to our values and be at our best.

By complying with these policies and using our risk management system we can ensure that Rolls-Royce is a successful, resilient and sustainable business.

## **IMPORTANT NOTES:**

Breaches of any of the Group Policies are not acceptable and may result in disciplinary action up to and including dismissal.

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# OPERATE SAFELY

Health, Safety & Environment  
Security  
Product Safety  
Quality

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09



# HEALTH, SAFETY AND ENVIRONMENT

## A. Policy values

We are committed to taking care of our health, our safety and the environment (“HSE”), operating safely and creating an environment where each of us can be at our best.

We believe that a safe and healthy workplace, that also minimises our environmental impact, is a better place for our people, our customers and our business. Our HSE performance is fundamental to our success and is an integral part of how we work every day.

## B. Principles

We expect the highest standards of behaviour for protecting our own and others’ health and safety and the environment in which we operate.

We take personal and collective responsibility, along with our suppliers, contractors, joint ventures and other partners, to:

- operate safely in all our business activities and operations;
- create a working environment that supports employee wellbeing, with an aspiration towards zero work-related ill health, accidents or harm to people; and
- prevent or minimise any adverse environmental impact from our activities, products and services, support the sustainable use of resources, and strive for no environmental incidents.

## C. Expectations

Each one of us will:

- take accountability to reduce risks and impacts throughout our activities, products and services;
- integrate HSE into our business processes and decision making;
- meet our high standards, ensure compliance with legal and other requirements and drive towards best practice; and
- speak up if concerned about an activity or decision, including stopping work that we think may be unsafe, and seek advice and support when necessary.

We are committed to engaging and communicating openly with all key stakeholders, and to driving continual improvement through appropriate targets and goals. We believe that high levels of HSE performance are fundamental to doing business with our customers, delivering value for our shareholders and supporting the communities in which we work.

# SECURITY

This Policy contains information about our security arrangements and therefore is not suitable for external publication.

# PRODUCT SAFETY

## A. Policy values

Rolls-Royce provides mission critical products that people's lives depend on. Our commitment to the safety of our products is therefore at the heart of our 'Operate Safely' core value.

Everything we deliver to a customer is our product - hardware, software, services and documentation, whether delivered separately or integrated into systems.

## B. Principles

Five principles govern our approach to product safety:

### 1. Leadership commitment and accountability

Our leaders champion product safety and prioritise it so that safety-related tasks get the right attention, time and resources. We make accountability for product safety clear and ensure people understand what they are accountable for.

### 2. Level of product safety

We design our products to achieve a high level of safety consistent with their application, always ensuring that we meet or better the relevant company, legal, regulatory and industry requirements. We assess what could go wrong and put controls in place to meet the required safety levels throughout the product lifecycle and reduce the safety risks so far as is reasonably practicable. We evaluate how human and organisational factors can introduce risks to product safety and use our understanding when setting our controls.

### 3. Maintaining and improving product safety

We are committed to the continuous improvement of product safety and actively engage in setting industry standards and good practice. We measure our performance and rigorously investigate and resolve safety-related issues, systematically embedding the learning from these back into our practices and processes. Everyone is encouraged to report any product safety concerns.

### 4. Conforming product

Robust quality is an essential building block of product safety and by following our processes we ensure that our products and those of our suppliers conform to their specification.



# PRODUCT SAFETY

## 5. Safety awareness and competence

Everyone who works in Rolls-Royce shares responsibility for product safety and we have to be mindful of the safety implications of our actions. Training is provided so that our people understand the Rolls-Royce Product Safety Policy and processes and can fulfil their collective and personal responsibility.

These principles are the foundation of our Product Safety Management System which is governed by the Company Product Safety Assurance Board.

## C. Expectations

Always speak up about a product safety concern if you see one, report it if you have any doubt and remember, we are committed to treating everyone fairly and without prejudice in accordance with Our Code.

Always follow the parts of the Rolls-Royce Management System applicable to your role. You should feel able and supported to perform the tasks assigned to you. If you are being asked to do something which you do not feel qualified and/or experienced enough to do you should discuss with your manager.

Make sure you attend the Safety Awareness training appropriate to you.

For additional guidance, Group Procedures, product safety documents and key contacts please access:

- Product Safety Management System Manual
- Safety and Product Assurance Engine Room

# QUALITY

## A. Policy values

For more than a hundred years Rolls-Royce has built its reputation and expanded its business through the pursuit of engineering excellence. We provide mission critical power systems that our customers depend on.

## B. Principles

Rolls-Royce is a long term business and year in, year out, we invest in facilities, technology and outstanding people so that we can constantly improve the quality and efficiency of our products and services towards our vision of Pioneering the Power that Matters. Robust quality is an essential building block of product safety and by following our processes we ensure that our products and those of our suppliers conform to specification. We are continually improving effectiveness in our operations and processes using lean principles by focusing on customer value adding activities and eliminating waste. Process efficiencies are embedded in the Rolls-Royce Management System (“RRMS”) which is applied across the company and in all of our operations.

For us to be trusted to deliver excellence, this means that quality is central to everything we do. Our relentless pursuit of excellence means by working together we comply with and exceed all of our relevant company, legal, regulatory and industry requirements.

Each year we review performance and set improvement targets for our business processes and quality performance. It is essential that we work together to deliver class leading performance.

## C. Expectations

All employees should read and follow the high standards set out in the RRMS and all Group Procedures and processes applicable to their role that safeguard the safety, quality and reliability of our products and services.

Managers should ensure that everyone in their teams is working in a way that does not contravene any of these standards, processes or procedures.

For additional guidance, Group Procedures, Quality documents and key contacts please access:

- Quality Engine Room
- Rolls-Royce Management System

# TRUSTED TO DELIVER EXCELLENCE

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# CHARITABLE CONTRIBUTIONS & SOCIAL SPONSORSHIPS

## A. Policy values

As a large multinational company we have a responsibility to conduct business to the very highest ethical standards and build positive relationships with the communities around us.

Charitable Contributions and Social Sponsorships help us to do this, and should be viewed as part of the way we do business. They help support our company strategy and future success by:

- helping us to attract, recruit and retain the best people with the right skills from diverse backgrounds, particularly by investing in the skills we need;
- giving us opportunities to engage with our people beyond their day job;
- providing opportunities for our people to develop their skills and behaviours as well as having a positive impact in our communities; and
- helping to inform our customers, investors and other stakeholders about the kind of company we are.

However it is important to recognise that improper or excessive Charitable Contributions or Social Sponsorships can be a form of bribery or corruption, which is prohibited under Our Code and by law. Any incidents of bribery and corruption involving, or relating to, Rolls-Royce will damage our reputation and potentially threaten our ability to continue to do business. All employees have a personal responsibility for protecting our reputation and living up to our values.

This policy sets out our strategy for making Charitable Contributions and Social Sponsorships which always have a social outcome. Please note that Charitable Contributions and Social Sponsorships may take the form of a financial contribution, but can also include Employee Time and Gifts in Kind.

The reasons for making this type of contribution may be socially or commercially motivated and examples include:

- presence at an industry event which is also open to the public - commercially motivated, yet has a social outcome;
- presence at an industry event which is raising money for a charitable cause - socially motivated but has a business benefit;
- sponsorship of a not-for-profit organisation - may be either socially or commercially motivated, but is usually considered to have a social outcome; and
- donations to local charities and community groups - socially motivated and support our social business objectives.

Commercial sponsorships which have no social dimension are beyond the scope of this Policy. Please contact the relevant marketing team or publishing, brand and advertising communications for advice.

# CHARITABLE CONTRIBUTIONS & SOCIAL SPONSORSHIPS

## B. Principles

### Areas we support

We direct our support for Charitable Contributions and Social Sponsorships within one or more of the following four areas:

- Education and skills

With a focus on Science, Technology, Engineering and Mathematics (“STEM”) which are key to our future success;

- Environment

Adding value, and a social dimension, to the company’s environment strategy;

- Social investment

Making a positive difference in the communities where we operate; and

- Arts, culture and heritage

Contributing to cultural vibrancy in the places where we are based.

Any proposals which fall outside of these areas of support require authorisation from our Group Charitable Contributions and Sponsorship Committee (“GCCSC”).

## C. Expectations

### Key Considerations

Any Charitable Contributions or Social Sponsorships we offer or give must:

- be a legitimate, justified Charitable Contribution or Social Sponsorship and never in exchange for obtaining an inappropriate advantage or benefit;
- be offered or given in an open manner. Support must not be given to, or for the benefit of, an individual, unless approved by the GCCSC;
- not influence or appear to influence the independence of the giver or receiver of the Charitable Contribution or Social Sponsorship;
- be reasonable in value and frequency and not be considered offensive or inappropriate;
- be in compliance with all laws, rules and regulations and in accordance with the receiving party’s own compliance rules;
- be approved in advance by your Line Manager and, where it includes a financial contribution, also be approved in advance by your Ethics and Compliance Officer;

# CHARITABLE CONTRIBUTIONS & SOCIAL SPONSORSHIPS

- not be deliberately structured as an arrangement specifically in order to avoid approval requirements in this policy (for example, it should not be given in a personal capacity); and
- not give rise to an actual or potential Conflict of Interest (see the Conflicts of Interest Group Policy).

Where a potential or actual conflict of interest exists as a result of a connection and/or relationship with the receiver, this must be mitigated and disclosed in accordance with the Global Conflicts of Interest Policy.

## **Beneficiary and ABC checks and approvals**

Before offering or giving a Charitable Contribution or Social Sponsorship, you should make reasonable efforts to satisfy yourself that the beneficiary will use our contributions for social benefit. You must:

- only support registered charities and non-profit making organisations;
- only support organisations which reflect our own values and behaviours;
- check publicly available information about the beneficiary;
- check with other current supporters about the beneficiary's work;
- ask your Ethics and Compliance Officer to carry out any appropriate due diligence checks on the proposed beneficiary, where the Charitable Contribution or Social Sponsorship includes a financial contribution; and
- comply with the requirements of the Gifts and Hospitality Group Policy, where the Charitable Contribution or Social Sponsorship includes a Gift in Kind.

## **Reporting and record keeping**

All approved Charitable Contributions and Social Sponsorships must be recorded using the Global Social Contributions Tool.

The information submitted will:

- help us to report our annual global contributions on our website;
- contribute towards our global STEM reach target;
- allow us to carry out internal and external benchmarking; and
- create the visibility and transparency that is both expected and required.

Records of contributions requested and approved should be kept according to the advice of your Ethics and Compliance team. Remember that contributions include Employee Time and Gifts in Kind, as well as financial contributions, and that ALL contributions must be reported.

# CHARITABLE CONTRIBUTIONS & SOCIAL SPONSORSHIPS

## Telling our story

Our social activities provide great opportunities to engage with our people, customers, suppliers and investors, and to tell people more about the kind of company we are. We publish information about our social investment in our Annual Report and on our websites, and take part in global benchmarks such as the Dow Jones Sustainability Index. Transparency and visibility also ensure we can answer any questions that may be asked about our activities. So it is important that we are able to tell the story about the great activities we are involved in and the overall contributions we make.

## Communications support and brand guidance

Charitable Contributions and Social Sponsorships often include opportunities to publicise our support and promote our brand.

Promotion of our brand may be a defined benefit within a social sponsorship, sometimes involving a contractual agreement. Seek advice from your local legal team before agreeing any contract.

We are responsible for managing our reputation through our partners and particularly when our trademark is used.

Refer to Brand Communications for advice and to ensure use of our trademark is approved.

Seek advice from your local communications team about any potential media opportunities, including those offered by our partner organisations. Your local communications team will also advise you about ways of sharing good news stories within Rolls-Royce.

Digital media provides great opportunities to share good news with wide audiences. Our Social Media Policy provides guidance around what you can share and how to do this appropriately.

If you have questions about this Policy or need more information about the process you should follow, contact:

- Your Line Manager
- Your Ethics and Compliance Officer
- Your local community investment contact
- The global community investment team:
  - o Head of Community Investment and Education Outreach
  - o Community Investment Manager & reporting specialist
  - o Community Investment Manager & policy specialist
- Group Charitable Contributions & Social Sponsorships Committee for referrals and authorisation

# PEOPLE - OVERVIEW

## A. Policy values

It is through our people that we fulfil our potential, achieve our vision and execute our strategy, and each of us has a role to play. We all need to be pioneers and seek new and better ways to work, both big and small. The prize is great - a chance to improve the world we live in - and our values and behaviours empower us to meet the challenge of pioneering the power that matters.

Our Global People Policy supports all of us – and therefore the Company as a whole – in achieving this, and in creating a working environment where each one of us is able to be at our best.

## B. Principles

Our policies relating to our people are important. They articulate what we expect of you and the support you get from us as an employee or a Line Manager in our business.

To make this key information easy to use, we've produced summary versions to give you all the key information you need on one page. These accompany the full policies, which provide you with more detail.

Ownership information about policies is included on the final page of each full policy document.

## C. Expectations

All employees should read and comply with the following policies:

- Alcohol and Substance Misuse
- Smoke-free campus
- Human Rights
- Diversity and Inclusion
- Anti-Discrimination

### Other people policies

In addition to our Group People Policies which apply to all employees at all times, there are other policies which are globally applicable in certain circumstances, such as our global mobility and global resourcing policies. These policies are available on the “Your HR” people policy intranet pages.

### Regional and local people policies

You should also make sure you know about any regional or local policies that may apply to you. Further guidance on these can be obtained from your local HR representative, or local intranet pages.



# PEOPLE - ALCOHOL AND SUBSTANCE MISUSE

## A. Policy values

We are committed to providing a safe, healthy and productive work environment for all our employees, providing products that operate safely, and ensuring the integrity and security of our facilities. Our global alcohol and substance misuse policy supports us in these commitments.

The focus of this policy is around the use of illegal drugs and the misuse of legal substances that may have adverse effects on performance and behaviour at work. It's not concerned with the proper use of legally prescribed medication, nor with sensible and responsible social use of alcohol outside of the workplace.

## B. Principles

Our policy will help us to understand:

- our rules on what you can and can't consume, both before and during work, and the consequences if you do;
- the effects of misusing alcohol, drugs and other substances; including how to recognise the signs;
- what you should do if you think you, or a member of your team, has a problem with alcohol or drugs, and how we'll support employees who seek help; and
- the circumstances when we may ask you to take an alcohol or drugs test.

## C. Expectations

We should:

- not consume alcohol before or during working hours or during meal or rest breaks;
- not consume illegal or psychoactive substances on site, have them in our possession or attend work under their influence;
- tell someone at Rolls-Royce, such as our manager, if we believe we have a problem with alcohol, drugs and/or other psychoactive substances;
- follow local health and safety procedures when working with solvents in the workplace;
- not misuse prescribed or over-the-counter medication, nor illegally hold, sell, distribute or illegally use prescribed medication in the workplace; and
- tell someone at Rolls-Royce, such as our manager, if we are taking prescribed or over-the-counter medication which can cause drowsiness or impair your ability to drive or complete other safety critical activities. This will help ensure you do not put yourself or others at risk in the workplace.

# PEOPLE - SMOKE-FREE CAMPUS

## A. Policy values

We want everyone who works at – or visits – one of our sites to be safe, healthy and comfortable in a smoke and tobacco free environment. That's why we operate a smoke-free campus policy which applies to all buildings, grounds and vehicles solely owned or leased by Rolls-Royce including for example parking areas, bus shelters, walkways and vehicles. This includes electronic inhalers (e-cigarettes) as well as any product made or derived from tobacco.

Alongside this global policy, we also comply with any relevant regional or country-specific health and safety smoking legislation.

We know that smoking can be a difficult habit to kick, so help and support is available from Occupational Health.

## B. Principles

Our policy will help us to:

- provide a clean, safe and comfortable working environment;
- promote the health of our employees; and
- minimize the risk of fire or explosion and protect equipment that's sensitive to smoke.

## C. Expectations

We must:

- never smoke or use tobacco products (including electronic cigarettes) on any of our campuses, wherever they are in the world;
- make sure that anyone visiting our sites including customers, suppliers and contractors are aware of and abide by our policy;
- carry out risk assessments where smoking off-site could pose a serious safety hazard; and
- provide access to advice and support to those who want to give up smoking.

# PEOPLE - HUMAN RIGHTS

## A. Policy values

We've been trusted to deliver excellence for our customers for over 100 years. We're proud of our heritage and our reputation. We know that everything we do, every customer we serve, every person and every community we touch, matters. That's why we must uphold the very highest standards – including our commitment to respect human rights, to act in a socially responsible manner, complying with applicable laws, and respecting the communities where we operate.

We will live up to these standards everywhere, every day. We are committed to protecting and preserving the rights of our employees, those employed in our supply chain, and those affected by our operations. This policy covers our commitment to ensure human rights standards are met globally and making sure our suppliers uphold similar standards.

## B. Principles

Our policy will help us to:

- work together by involving our people in the activities of our business, embracing and celebrating difference in an inclusive environment, fairly rewarding our people, and providing employment that is freely chosen;
- conduct our business by recruiting, selecting and developing people on merit; providing a safe working environment;
- protect the environment; support the communities in which we work; and
- speak up if you think we or our suppliers are not complying with this policy.

# PEOPLE - HUMAN RIGHTS

## C. Expectations

We must:

- comply with Our Code, our HSE Group Policy, our global Diversity and Inclusion policy and our global Anti-Discrimination policy;
- ensure pay and benefits are competitive with local markets and meet or exceed legal standards in each country, recognise employees for their performance and contribution based on our company values, comply with national regulations on working time and where possible provide for a flexible working environment;
- not use forced or involuntary labour;
- comply with child labour laws, and be committed to the development of young people;
- be alert to the risks vulnerable people may face and seek to ensure this group is free from discrimination;
- select suppliers and partners whose core values and commitment to ethical business conduct match our own;
- comply with all legal and regulatory security requirements; and
- work to prevent or minimise negative impacts to the environment of our products and services.

# PEOPLE - DIVERSITY AND INCLUSION

## A. Policy values

We care about our people and believe in creating an environment where each of us is able to be at our best. When we're all at our best, our businesses thrive and our people flourish.

As such, we are committed to developing a culture of care where we can all be ourselves, bring our unique perspectives and reach our full potential. Creating an inclusive environment for all and embracing diversity enables better performance and sustainable profitability through innovation and problem solving.

Our vision: We work collaboratively as one global team, fostering a consciously inclusive environment and embracing the diversity of our talent across all areas of the business. We aim to be an industry leader with our inclusion and diversity efforts and set the standard for other companies to aspire to.

What will we do: We will increase and celebrate the diversity within our teams to enable us to achieve the best results for our customers. We will ensure how we work together leverages the collective value of different perspectives in order to deliver business results.

What it means for you: Rolls-Royce encourages you to be at your best and bring your best self to work every day. We challenge you to think differently and innovatively and use your own unique skills and abilities to deliver excellence to your customers and your team.

## B. Principles

- we commit to supporting all our employees to be at their best and treat everyone with respect and care;
- we expect our leaders to be passionate advocates for inclusion and diversity and cast a positive shadow in the organisation;
- we seek to be consciously inclusive of all our differences and unique strengths; and
- we embrace the diversity of people and perspectives.

## C. Expectations

All of us are expected to:

- read, understand and follow our global Diversity and Inclusion policy;
- act with integrity and treat our colleagues with dignity and respect at all times;
- encourage and value different views and ways of working to ensure the best business results; and
- help cultivate an inclusive environment where we can all be at our best.

# PEOPLE - DIVERSITY AND INCLUSION

For additional guidance and supporting information, see Our Code and the following resources:

- Diversity and Inclusion Engine Room page
- Global Recruitment Policy
- Global Anti-Discrimination Policy
- Reward Engine Room Page
- Flexible Working Engine Room Page
- Local diversity, discrimination and equal opportunity policies
- Local disciplinary and grievance procedures

## Anti-discrimination

### A. Policy values

We care about our people and believe in creating a culture where everyone can be at their best. To do this, we need a working environment free from discrimination and harassment, where everyone is treated, and treats others, with dignity and respect. We are therefore committed to building a culture of respect and appreciation, giving everyone the opportunity to be themselves and to realise their full potential.

#### **Bullying**

Bullying is offensive, intimidating, malicious or insulting behaviour that can make a person feel vulnerable, upset, humiliated, undermined or threatened.

#### **Harassment**

Harassment is any unwanted physical, verbal or non-verbal conduct that violates a person's dignity or creates an intimidating, hostile, degrading, humiliating or offensive environment. Harassment can be one-off, repeated or continual conduct.

#### **Discrimination**

Discrimination is the unjust or prejudicial treatment of an individual or group of people because of, or for a reason related to, a characteristic protected by applicable law.

1. Direct discrimination: when someone is treated less favourably because of a protected characteristic; whether that's because they have - or are perceived to have - a characteristic, or because someone they associate with has (e.g. a friend or family member) or is perceived to have a characteristic.
2. Indirect discrimination: when a rule, requirement or practice (such as a job description) applies to everyone, but in fact puts a particular group of people with a certain protected characteristic at a disadvantage. The rule, requirement or practice may not be specifically targeted at this group of people - or indeed intended to disadvantage them - but nevertheless still causes a disadvantage.

More details and examples can be found in our Anti-discrimination Guide.

We do not tolerate bullying, harassment or unfair discrimination of any kind, by any one, under any circumstance or with any intent.

# PEOPLE - ANTI-DISCRIMINATION

## B. Principles

- we treat each other openly, honestly and courteously;
- we do not tolerate bullying, harassment or discrimination of any kind irrespective of intent and encourage everyone to take action about any instance which they experience or observe;
- we do not permit victimisation or treating someone less favourably for raising an allegation;
- we value diversity and promote equal opportunities for all employees in a workplace free from discrimination; and
- we recruit, select, develop and reward our people on merit, irrespective of any personal attributes, including any characteristics protected by applicable laws.

## C. Expectations

All of us are expected to:

- read, understand, and follow our Global Anti-discrimination Policy;
- live by our Values and Behaviours, following Our Code and treating everyone with dignity and respect; and
- speak up if we witness, suspect, or are aware of any inappropriate behaviour that doesn't support this policy.

**We work globally and expect mutual respect, consideration and collaboration between all our people. We expect all of our people to live up to the values laid out in this policy and to treat everyone with dignity and respect irrespective of the values and beliefs held in any of the countries we operate in.**

# CONFLICT OF INTEREST

## A. Policy values

We avoid any situation where Conflicts of Interest might be seen as influencing our business decisions or behaviour, or which might stop us from acting in the best interests of Rolls-Royce.

## B. Principles

Where Conflicts of Interest occur, we manage them by reporting them to our management and our business Ethics and Compliance team and by taking steps to mitigate the risks associated with them.

## C. Expectations

All Employees

You must:

- try to avoid any Conflict of Interest. When a potential Conflict of Interest situation arises you must:
  - a. discuss the situation promptly with your Line Manager;
  - b. take steps to remove or mitigate the Conflict of Interest after discussion with your Line Manager;
  - c. report it using the Conflict of Interest disclosure form found at [www.rrconflictofinterestform.ethicspoint.com](http://www.rrconflictofinterestform.ethicspoint.com);
- abide by laws and regulations relating to the engagement of current or former Government Officials; and
- tell your manager if you have a family or romantic relationship with another Rolls-Royce worker, customer or supplier, unless you are certain that there is no actual or potential Conflict of Interest risk. Refer to the Conflict of Interest policy guidance for more information.

Line Managers

Line Managers are responsible for assessing and managing any Conflicts of Interest in their team.

You must:

- look for any potential Conflicts of Interest in your team or in the area of the business where you work;
- help your team to understand and manage their own potential Conflicts of Interest;
- if a potential Conflict of Interest exists you must determine the best course of action to manage the Conflict of Interest; and
- review, annually any reported Conflicts of Interest to ensure they continue to be managed appropriately. Any changes should be reported to your business Ethics and Compliance team.

Conflicts of Interest Reports

Your business Ethics and Compliance team will review all Conflict of Interest reports submitted and respond to, acknowledge them or make additional recommendations. They will also provide a copy of the report to you and your Line Manager.

Examples of potential Conflicts of Interest can be found in a separate guidance note on the Ethics and Compliance Engine Room pages.

In addition, please take note of the requirements of the Inside Information and Share Dealing Group Policy. You should consult with your business Ethics and Compliance team if you need any guidance or support.



# INSIDE INFORMATION AND SHARE DEALING

## A. Policy values

Rolls-Royce is committed to complying with its obligations as a UK listed company and to protecting its employees and directors from the risk of committing a share dealing or market abuse offence due to them possessing Inside Information.

## B. Principles

Only the Rolls-Royce Disclosure Committee can determine whether inside information exists and, if so, whether there are legitimate grounds to delay its disclosure to the market and create an insider list. In these circumstances, we will take appropriate measures to ensure the confidentiality of the Inside Information and ensure that all employees and directors with access to it are included on an Insider List - a securely-held list containing personal details of each individual who has access to the Inside Information, maintained in a prescribed format, that must be held for a 5-year period and may be inspected upon request by the Financial Conduct Authority. All individuals on the Insider List will be notified, by email, that they must not:

- i) deal in Rolls-Royce shares; or
- ii) recommend, induce or encourage someone else to deal in Rolls-Royce shares; or
- iii) disclose the Inside Information to anyone else.

Failure to comply with these restrictions has very serious consequences and, as well as disciplinary action up to and including dismissal, can result in severe penalties and sanctions (both civil and criminal) for Rolls-Royce and the individual.

Short-term trading is not permitted at any time (the sale of shares to satisfy tax liabilities is exempt from this prohibition).

There may be other circumstances when it would be inadvisable for certain employees to deal in shares and we will notify them accordingly if and when these circumstances arise.

# INSIDE INFORMATION AND SHARE DEALING

## C. Expectations

- if you are notified that you are on an Insider List (or that you are subject to any other type of share dealing restriction) you must acknowledge and comply with the notification;
- you should not disclose the Inside Information to anyone else. If you need to share the Inside Information with a colleague, or if you have already done so, then you should contact the Governance Team immediately. Failure to do so will put you and your colleague at risk of committing a share dealing or market abuse offence;
- if you think you have access to Inside Information, but have not been advised that you are subject to share dealing restrictions, you should contact the Governance Team in the first instance; and
- please promptly inform the Governance Team about any team changes affecting any colleague whom you are aware is included on an Insider List.

### **Inside Information is information of a precise nature which:**

- has not been made public;
- is precise;
- relates directly or indirectly to Rolls-Royce; and
- would be likely to have a significant effect on the price of Rolls-Royce shares if it were made public.

This is generally described as information that would be likely to be used by “a reasonable investor” as part of the basis of his or her investment decision.

Examples could be: unpublished financial results; knowledge of a significant change to future business prospects; or a major business acquisition or disposal.

**If you are ever in any doubt about whether or not you should be dealing in Rolls-Royce shares, always err on the side of caution and check with a member of the Governance Team.**

More specific guidance on Inside Information and share dealing can be found on the Governance Team Engine Room pages.

# DATA PRIVACY

## A. Policy values

As a responsible company we know it is important that we protect your personal information, or data. Whether you are an employee, customer, supplier or other third party, such as a visitor to our sites – we will always aim to collect and process your personal data in line with legal requirements, best practice and individual expectations.

This policy will help us in that commitment. Data privacy laws and regulations differ depending on the country you are operating in; so this policy provides a consistent, minimum standard of working and helps us to ensure we are globally compliant.

Any breaches of this policy could have serious consequences for us: damage to our reputation; financial penalties and limitations on our ability to use personal data. Breaches could also result in criminal sanctions for you and your management team. It is therefore critical we all read and follow our global data privacy policy - including our contractors, subcontractors and colleagues employed in joint ventures where we have a majority share.

## B. Principles

Our policy sets out:

- the minimum standards we all need to follow when using personal data;
- our responsibilities;
- your responsibilities;
- your data privacy rights; and
- our approach to using third parties to process personal data.

Help and support available:

Our full policy provides more information on data privacy, however if you have got any questions please contact your local data privacy contact. If you do not know who this is you can email the global data privacy team ([data.privacy@rolls-royce.com](mailto:data.privacy@rolls-royce.com)).

# DATA PRIVACY

## C. Expectations

When handling personal data, we all need to follow key 'privacy controls', such as:

1. Notice and transparency – we need to tell individuals if we are processing information about them. We need to explain what information we are using, why we need it and what we will do with it.
2. Purpose and choice – once we have collected the data we will only use it for the specific purpose we have promised. If we need to use it for another purpose, we will go back to tell the individual and also to ask for any necessary permission.
3. Quality – personal data must be accurate and kept up to date. The data must be relevant to the reason we are collecting and processing it – and we need to make sure we do not collect information we do not need.
4. Security – we must take appropriate steps to protect the personal data we hold. We do not want it getting into the wrong hands, or even lost. Things to consider when thinking about security measures are the nature of the data and the potential effects of losing it. We also need to make sure our third parties do the same.
5. Transfer – some countries restrict the transfer of personal data depending on where the data is going to and what safeguards are in place in that new location. You will need to check if restrictions apply, and if so, whether any control mechanisms are in place (such as intra-group agreements between the transferring and receiving companies).
6. Retention – we must only keep personal data for as long as we need it (and in relation to the purpose we collected it). Retention policies must be followed and data destroyed properly. This applies to hard copy data as well as that held electronically.
7. Access and rectification – if an individual requests access to their data we will need to provide this. Often legislation means we are required to do this within a time-limit. We will need to change any factually incorrect data where requested.

Other policies you should read:

- Full Data Privacy Policy; and
- IT Acceptable Use Group Policy

# CONFIDENTIAL INFORMATION

## A. Policy values

We keep Confidential Information confidential and never use information we should not have.

## B. Principles

Safeguarding Rolls-Royce Confidential Information and that of customers and suppliers is vital to our success. Inappropriate use or disclosure of Confidential Information can cause serious harm to Rolls-Royce and others. This policy is not intended to cover Inside Information and Share Dealing, Data Privacy, Intellectual Property, Anti-Trust/Competition or Information Security, for which separate policies exist.

## C. Expectations

All Employees

You must:

- protect Confidential Information and not use it other than as authorised or share it with any colleagues, Third Parties or Joint Ventures unless approved to do so;
- not seek or accept any Confidential Information if you are unsure whether you are permitted to receive it (either because Rolls-Royce is not permitted to receive it or because only certain individuals in Rolls-Royce are permitted to receive it);
- comply with this policy and the Global Competition and Anti-Trust Law Compliance Policy when gathering market and/or product related intelligence;
- keep all Confidential Information secure and protect it from unauthorised or accidental disclosure in accordance with the Rolls-Royce Information Security Policy;
- contact the Legal team before disclosing Rolls-Royce Confidential Information externally if you are unsure whether a non-disclosure or confidentiality agreement is needed;
- look out for Red Flags when seeking, accepting or using Confidential Information. Red Flags must be resolved and a record kept of the action taken; and
- follow applicable laws, regulations or rules relevant to Confidential Information, including export control regulations; the General Data Protection Regulation and German Federal Data Protection Act, intellectual property laws, government procurement regulations (such as the Defence and Security Public Contracts Regulations in the United Kingdom, the German Foreign Trade and Payments Act and the Federal Acquisition Regulation in the United States) and competition, anti-trust or anti-monopoly laws.

If you receive Confidential Information and are unsure whether you are permitted to receive it or if you are unable to resolve any Red Flags, you should contact your Line Manager and your business Ethics and Compliance team as soon as possible.

You must not share, distribute, use, delete or destroy the information unless and until advised to do so by the Ethics and Compliance team. Further guidance of Confidential Information is available on the Ethics and Compliance Engine Room pages.

# INTELLECTUAL PROPERTY

## A. Policy values

Intellectual property is a critical element of our engineering expertise, global reach and deep industry knowledge that keeps Rolls-Royce ahead of our competitors and prevents any new entrant to our markets 'free-riding' on our investments in new technologies, products and services. Others including our customers, suppliers, partners and competitors also protect and defend their intellectual property and we have to ensure we respect their rights too.

Failure to protect Rolls-Royce's intellectual property could lead to our technology advantage being eroded and our markets opened to new competitors. Failure to respect relevant intellectual property rights of others could lead to legal action, the confiscation of our products and significant financial penalties.

Our Global Intellectual Property policy helps protect against these consequences. The policy applies to everyone working for Rolls-Royce, our subsidiaries and joint ventures controlled by us. We also expect the same high standards from our contractors, agency workers, suppliers and partners.

In particular, our policy details what's needed to make sure that:

- inventions are identified so that Patents can be filed to preserve a monopoly right for Rolls-Royce;
- appropriate care is taken when storing, using and sharing information, including information belonging to others; and
- information, documents or items belonging to others are not copied or reproduced without permission.

## B. Principles

Intellectual property laws protect the originators of products, services and creative works. They restrict others from either copying the results of the originator's work or passing themselves off as the originator. In particular, intellectual property laws protect inventions, brands, the shape and design of articles, and the words and pictures in documents, all of which are created and used day-to-day in one form or another across Rolls-Royce's business activities.

The key legal principles governing intellectual property related to Rolls-Royce's activities fall into three categories:

1. registered rights in Patents (a legal right to protect inventions such as design arrangements, manufacturing methods or material compositions) and Trade Marks (a legal right to protect names and/or logos for companies, products or services) can be applied for at government intellectual property offices and, if granted, give the owner a monopoly right preventing use by others, even if they are unaware of the right and arrived at the same result independently;

# INTELLECTUAL PROPERTY

2. un-registered Design Rights (legal rights protecting the shape and configuration of articles) and Copyright (a legal right protecting the composition of words, pictures and sounds in any medium) generally arise without registration (and are reinforced through appropriate markings, such as those in our standard document templates) and prevent direct copying by others, however un-registered rights do not prevent use by others of things they have created independently; and
3. contracts are used to protect information, documents and other items and to set out ownership and rights of use of intellectual property when two or more organisations work together.

Statutory laws and your employment contract assign ownership of intellectual property you create in your job to Rolls-Royce, and Rolls-Royce is liable for the consequences of your use of intellectual property in your job, including the use of intellectual property belonging to others.

You must ensure Rolls-Royce's intellectual property receives the relevant protection available, and that you carry out your job with due respect to the intellectual property of others, including our competitors.

## C. Expectations

Protecting our Intellectual Property

Developing and protecting leading-edge technology and deploying it across our businesses allows us to compete on a global basis and prevents any new entrant to our markets 'free-riding' on our investments in new technologies, products and services.

Our Code ("Safeguarding our resources") sets out the standards expected for the protection of Rolls-Royce's intellectual property. Our individual responsibilities to achieve these standards are set out below.

### Registered Rights

Patents (a legal right to protect inventions such as design arrangements, manufacturing methods or material compositions) prevent the use of inventions by others, providing a means to ensure our R&D innovations benefit only Rolls-Royce, so:

- if you think you have made an invention, contact the relevant member of your local Intellectual Property Team who will evaluate the potential to apply for a Patent;
- don't disclose an invention outside the Company unless Patent applications have been filed and a Contract is in place; and
- if a successful Patent application is made for your invention you may be eligible for a discretionary payment by the Company, the Intellectual Property Webpage contains details of payments and eligibility.

# INTELLECTUAL PROPERTY

Trade Marks (a legal right to protect names and/or logos for companies, products or services) prevent the use of names of companies, products and services by others, providing a means to ensure that only we can sell our products and services under our brands, so:

- submit new proposals for branding of Rolls-Royce companies, products, services or domain names (websites) through the Naming & Branding process to ensure Trade Mark protection can be obtained; and
- do not give permission to customers, suppliers or partners to use any Rolls-Royce Trade Marks.

## Unregistered rights

Copyright (a legal right protecting the composition of words, pictures and sounds in any medium) and Design Rights (legal rights protecting the shape and configuration of articles) protect documents, drawings, software, databases and the shape and dimensions of physical articles by preventing direct copying by others, providing a means to ensure our work benefits only us, so:

- while many un-registered rights arise automatically, always use the appropriate Company template for standard documents and drawings and follow the Company Information Classification and Handling Guidelines to ensure our rights are fully protected.

## Contracts

Contracts protect information, documents and other items that we share or create with our customers, suppliers and partners, providing a means to ensure our work benefits only Rolls-Royce. Contracts are in place for our routine activities with established customers, suppliers and partners, however new activities or relationships may not be covered, so:

- if you are unsure whether an appropriate Contract exists for a new activity or relationship, check with the responsible commercial or purchasing team before disclosing information, documents and other items externally or undertaking joint activities; and
- once a Contract is in place, manage external disclosures of information, documents and other items in accordance with the Company Information Classification and Handling Guidelines.

External disclosure of information, documents and other items belonging to Rolls-Royce without the protection of a Contract is permissible where appropriate for:

- promotion of Rolls-Royce products and services through the responsible sector marketing team;
- investor briefing and media communications through the responsible corporate, sector or regional communications team; and
- technical conference and journal publications through the Papers and Conferences System.



# INTELLECTUAL PROPERTY

## Respecting the Intellectual Property of others

The strategic priorities of the Company are underpinned by a commitment to developing our people and our culture in a safe and ethical environment. Our Code (“Respecting the confidential information of others”) sets out the standards expected for respecting the intellectual property rights of others. Our individual responsibilities to achieve these standards are set out below.

## Registered Rights

Our customers, suppliers, partners, competitors and others use Patents and Trade Marks to protect their inventions and brands just as we do. Rolls-Royce must ensure that its business activities, products and services respect these rights. Because of the potential legal implications, only our qualified intellectual property and legal specialists are permitted to analyse and give opinions on potential infringements, so:

- if you have a concern related to a Patent or Trade Mark, do not speculate or make any statement about it, instead contact the relevant member of your local Intellectual Property Team who will investigate it.

## Unregistered rights

As a precaution to avoid inadvertent breach of un-registered intellectual property rights, do not copy documents, drawings, software, databases and articles belonging to others unless they have been provided to Rolls-Royce with that intent. Un-registered rights also apply to publicly accessible items such as books, journals and content available from the internet, so:

- if you need to share publicly available items with others, always use an original item, or in the case of the internet, use a link to the original item.

## Contracts

Information (including verbal discussions), documents and other items we receive from customers, suppliers and partners under a Contract may only be used in accordance with the terms of the Contract.

If you are working on a routine activity with an established customer, supplier or partner then our Contract with them will allow you to use information, documents and other items you receive from them to perform that activity (in accordance with the Company Information Classification and Marking Guidelines).

# INTELLECTUAL PROPERTY

If you need to pass information, documents or other items from one activity or relationship to another activity or relationship, check with the responsible commercial or purchasing team whether this is permitted by our Contract(s).

In relation to any information, documents and other items received from or jointly created with a customer, supplier or partner:

- do not remove or cover markings that indicate their ownership;
- store them independently of those belonging to Rolls-Royce or other customers, suppliers and partners;
- only use them for the intended scope - do not use or incorporate them in generic models or databases unless that was the agreed intent;
- if it is necessary and permissible to combine them with information, documents and other items from different sources, mark each element clearly to identify its origin; and
- do not send or disclose them outside the Company unless that was the agreed intent.

For additional guidance, and Intellectual Property contacts, see the Intellectual Property intranet site.

See also:

Our Code

Information Security policy

Export Control Group Policy

# IT ACCEPTABLE USE

This Policy contains information about our IT security arrangements and therefore is not suitable for external publication.

# ACT WITH INTEGRITY

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# ANTI-BRIBERY AND CORRUPTION

## A. Policy values

We have a zero-tolerance approach to bribery and corruption. We conduct our business honestly, fairly and free from any corruption.

## B. Principles

We do not tolerate bribery and corruption. We do not make Facilitation Payments whether or not they are permitted by local or other laws.

## C. Expectations

All Employees

You must:

- ensure that all business activities are conducted in accordance with our zero-tolerance approach to bribery and corruption;
- not give, offer, request, accept, or authorise anything that is, or could be considered, a Bribe;
- not offer, make or authorise Facilitation Payments or other advantages (no matter how small the payments are); and
- report all requests for Bribes or Facilitation Payments to:
  - a. your Line Manager; and
  - b. your business Ethics and Compliance team.

### Business and Function Leaders

You must ensure that:

- all employees in your business or function receive regular messages (for example, via team meetings or other regular communications) about the need to comply with the ABC Policies (see the full list of these policies in the Glossary) and complete any required training on them;
- sufficient resources and personnel, and appropriate systems are in place to properly implement and operate the ABC Policies;
- the records required by the ABC Policies are complete, up-to-date and accessible for internal and external review; and
- any possible non-compliance with the ABC Policies is reported to your business Ethics and Compliance team as soon as possible.

# ANTI-BRIBERY AND CORRUPTION

## **Extortion**

If your health, safety, freedom or property (or that of your family, colleagues or travel companions) could be at risk if you do not make a payment or grant another advantage which is being demanded, you may make the payment or grant the advantage. You must report any payment to your business Ethics and Compliance team.

If you make a payment or grant an advantage in these circumstances and promptly report the demand, Rolls-Royce will not take disciplinary action against you if you genuinely believed that your health, safety, freedom or property or that of your family, colleagues or travelling companions was in danger. This is extortion and not a Facilitation Payment.

For additional guidance, policy and procedures see:

- Specific examples of Facilitation Payments can be found in a separate guidance note on the Ethics and Compliance Engine Room pages.

For help and support please contact a member of your business Ethics and Compliance team.

# GIFTS AND HOSPITALITY

## A. Policy values

We only offer or accept Gifts and Hospitality (G+H) in an open and transparent way and when it is appropriate to do so, subject to required approvals and our G+H is never illegal.

## B. Principles

G+H may be an appropriate business practice. However, improper or excessive G+H (which includes commercial sponsorships and travel and accommodation) can be a form of bribery or corruption.

This policy does not apply to events that only involve Rolls-Royce employees. Please refer to the travel and expenses policies that apply to you.

## C. Expectations

Any G+H you offer, give or receive must:

- be given as a legitimate business courtesy in an open way;
- and not create an expectation that you or Rolls-Royce will give, or receive, something in return;
- be reasonable in value and frequency and not appear to be lavish;
- be approved and reported, where required, depending on its value as detailed in the table below;
- not be provided to a customer when Rolls-Royce is bidding for a contract, or be accepted from a supplier when they are bidding for a contract, if those receiving the G+H can influence on the contract decision and the timing or circumstances could be perceived to suggest that the decision could be influenced by the G+H. This does not apply to basic refreshments provided as a business courtesy;
- not be cash (or cash equivalents such as vouchers, gift cards, credit cards or credit notes);
- or in the form of per diem or daily allowances or payments (unless with the prior, written approval of your business Ethics and Compliance Officer which will only be provided if there is a legitimate government directive requiring such payments);
- not be, or appear to be, offensive or inappropriate (for example, adult entertainment); and
- comply with any applicable laws, rules and regulations. Where relevant, it must comply with the UK Ministry of Defence guidance (found of the Ethics and Compliance Engine Room pages) and any other such guidance issued by other defence authorities.

# GIFTS AND HOSPITALITY

## All Employees

You must:

- not deliberately structure an arrangement in order to avoid the requirements of this policy;
- not provide G+H if you know that the recipient is not permitted to receive it under applicable laws or their employer's own policies;
- not offer or give tickets to events without a Rolls-Royce representative also attending the event or accept such tickets if a representative of the party providing them is not attending;
- not offer, give to, or accept from, a business contact any G+H in your personal capacity to avoid the requirements of this policy; and
- ensure that G+H is paid for by the most senior Rolls-Royce employee involved (when giving G+H) and is expensed in accordance with relevant business expense policies and procedures (when giving G+H) and, for those with access to the Concur expenses system, marked as G+H on Concur.

## G+H limits and approvals

The financial thresholds below apply to the G+H as a whole, not each element of it (for example, a meal followed by a sporting event is one event and the G+H will be the total spent on both elements combined). Business Presidents and Executive Team members may delegate approvals to members of their first line but this must be communicated to the GBS Ethics and Compliance team. Nobody can approve their own G+H and G+H approval must always be provided by a more senior employee than the individual seeking approval. Where approval is required by this policy, it must be in writing and in advance. If advance approval is not possible approval must be requested as soon as possible and not more than 30 days after the G+H. Gifts provided, that require approval, must always be approved in advance.

Approvers must be satisfied that the proposed G+H does not contravene any of the expectations set out above.

## G+H reports

Certain types of G+H must be reported (as set out in the table opposite). For those with access to the Concur expenses system, all G+H should be reported via Concur. Guidance on how to do this is available on the Ethics and Compliance team Engine Room pages. This applies even when the G+H is not linked to an expense claim (i.e. it is G+H received or it is not being paid for through expenses).

For those without access to Concur:

- you must enter a G+H report on the register found on the Ethics and Compliance Engine Room pages and send evidence of the required approvals to [compliance.operations@rolls-royce.com](mailto:compliance.operations@rolls-royce.com) within 30 days of the G+H; and
- G+H reports must be created in the name of the most senior employee involved.



# GIFTS AND HOSPITALITY

Type of G+H	Financial threshold	Approval	G+H Report
Business refreshments given to a Government Official or employee or representative of a State-Owned Company.	Under £20	No specific approvals	No
	Over £20	See approval and reporting requirements below	
All other G+H given to a Government Official of employee or representative of a State-Owned Company.	£100 or less	Line Manager	Yes
	Over £100	Business President or Executive Team member	Yes
G+H provided to a personal connection of a business contact or received by a personal connection of a Rolls-Royce employee (e.g. spouses or family members).	£100 or less	Line Manager	Yes
	Over £100	Business President or Executive Team member	Yes
Agreeing to provide G+H in a contract, including travel, accommodation and basic refreshments (for example, as part of a site or factory visit or training programme).	£200 or less	Business Ethics and Compliance Officer and Line Manager	No
	Over £200	Business Ethics and Compliance Officer and Business President	No
All other G+H given or received.	Under £100	No specific approvals	No
	£100 to £200	Line Manager	Yes
	Over £200	Line Manager's manager, Business President or Executive Team member	Yes

# GIFTS AND HOSPITALITY

## **G+H to personal connections (e.g. spouses or family members)**

In addition to the approval requirements above, the business contact must also attend any Hospitality event which their companion is attending.

## **Agreeing to provide G+H in a contract**

Specific approval requirements are set out above. These requirements do not extend to suppliers recharging Rolls-Royce for expenditure they incur as part of delivering their goods or services to Rolls-Royce (such as a supplier recharging Rolls-Royce for travel and accommodation costs incurred by its employees visiting a Rolls-Royce facility to carry out repairs).

## **Customer Visit Conditions**

Where Rolls-Royce is considering paying for G+H as part of a customer visit:

- Rolls-Royce personnel must always be in attendance for the visit and any associated Hospitality;
- the visit must be to a Rolls-Royce or customer facility or to a location at which a Rolls-Royce product is located or from which a Rolls-Royce service is provided;
- there must be a clear business purpose and agenda for the whole visit;
- travel and accommodation for the Third Party must not be booked or paid for directly or indirectly by Rolls-Royce (apart from business courtesies such as taxis to and from an airport or train station);
- payments must not be made directly to the Third Party, in any form, including cash, cash equivalents or to a bank account;
- personal expenditure (for example, minibar, personal travel, shopping, or sightseeing) must not be paid for by Rolls-Royce; and
- disproportionate free time must not be added to the beginning or end of the visit and free time activities, or travel or accommodation must not be at the expense of Rolls-Royce.

Where relevant, you will also need to follow the additional approval and reporting requirements in the above table.

# KNOW YOUR PARTNER

## A. Policy values

We will only engage and transact with Third Parties of known integrity who will not expose Rolls-Royce to unacceptable reputational or legal risks and require that their conduct meets our standards at all times.

## B. Principles

For legal and reputational reasons, Rolls-Royce needs to know who it is doing business with. This policy is designed to help us assess the potential Bribery and Corruption risks posed by Third Parties we deal with.

## C. Expectations

### All Employees

Due diligence must be undertaken for certain Third Parties before we can work with them. The due diligence required varies depending on the risk profile of the Third Party. Details on what due diligence is required can be found in the Global Know Your Partner Procedures (found on the Ethics and Compliance Engine Room pages) or via [compliance.operations@rolls-royce.com](mailto:compliance.operations@rolls-royce.com).

It is the responsibility of anybody interacting with a Third Party to look for Red Flags and, if any are found, to report them to your business Ethics and Compliance team as soon as possible. The existence of a Red Flag does not automatically mean that Rolls-Royce must not engage, or must stop dealing with, the Third Party, but any Red Flags must be investigated without delay.

Representations on the use of certain types of Third Parties (for example Integrity Pacts).

Some customers and government bodies require that we provide representations regarding certain types of Third Parties (in particular agents, consultants, distributors and other intermediaries (“Intermediaries”)) that we retain, use or plan to use in a particular territory.

Any contract, terms and conditions, bidding document or any other document that contains a representation regarding the use of Intermediaries (for example, an integrity pact) must be reviewed and approved by your business Ethics and Compliance Officer before the contract/ document is signed.

The Global Know Your Partner Procedures, can be found on the Ethics and Compliance Engine Room pages.

# EXPORT CONTROL

## A. Policy values

Rolls-Royce is committed to a policy of compliance with the strategic export control laws, regulations and procedures of all relevant jurisdictions and regimes in which it operates.

## B. Principles

The need to comply with export control regulations forms an integral part of Our Code. Export control is a complex regulatory area and the Code itself can only cover a selection of the issues that face us globally every day. All employees need to ensure that they comply with applicable export and import laws and regulations when transferring goods, services, software or technology within their country or across national borders. Building on the Code and the high level guidance set out in Group Procedure ER4 Manage Export Control in the Rolls-Royce Management System, we maintain a series of policy statements which give a more comprehensive appreciation of the issues involved. Where appropriate they set out roles and responsibilities whether at individual, business/function or corporate level. Where necessary more detailed 'how-to' guidance in the form of Work Instructions and Local Operating Procedures are available which operationalize policies.

### Strategic Export Controls

Strategic Export Controls is the term applied to the control regimes that most countries apply to the export licensing or authorisation process by which exports of certain categories of goods, technology, software and services are 'approved'. For Rolls-Royce these control regimes embrace all 'military' items and significant areas of what are called 'dual-use' items (items that not designed or modified for 'military' purposes but could be used as such). This covers systems, components and technology for gas turbine engines, marine and offshore equipment, and civil nuclear power generation. 'Strategic Export Controls' impact on the operations of the Rolls-Royce group in four main areas:

- Controls on the export of 'military' goods, software, related technology and services. These controls are applied by the state where the exporting business unit is located.
- Controls on the export of 'dual-use' goods, software and related technology. These are also generally applied by the state where the exporting business is located. In the EU, they are applied by the EU Member State where that business unit is established. This means that the item could actually be exported from another Member State within the EU Single Market.
- Extraterritorial application of regulations of some countries on the re-export of controlled goods, software, technology and services (both 'military' and 'dual-use'), regardless of the country where the business unit is located. This is particularly relevant to US Export Regulations, but also applies to the regulations of other countries.
- 'End Use' and/or 'Destination' controls applied to 'dual-use' goods, software and related technology under some jurisdictions.

# EXPORT CONTROL

## C. Expectations

Rolls-Royce's policy of compliance with the export control laws of all relevant jurisdictions and regimes in which it operates applies to:

- the physical transfer of controlled Goods, Software and Technology;
- the transfer of Technology using electronic media e.g. e-mail, fax and the use of the internet of shared data environments ("Intangible Transfers");
- the provision of Technical Services associated with defence programmes and services or equipment associated with Weapons of Mass Destruction ("WMD"); and
- transfers of US controlled Goods, Software or Technology to 'approved' foreign nationals or other legal entities wherever that transfer may occur.

In order to achieve this Rolls-Royce:

- provides dedicated resources to manage export control awareness and compliance in North America, Europe and Asia Pacific to support compliance activity in the operational businesses;
- resources compliance activity globally;
- pro-actively engages with government regulatory bodies to shape the environment within which we operate to our best advantage;
- incorporates Export Controls into other business procedures, including but not limited to the Rolls-Royce Quality Management System, to ensure that compliance is an integrated function of the business; and
- develops and provides training in the relevant controls to businesses globally.

Within Rolls-Royce export controls compliance is overseen by the Executive Team ("ET"). The company's Director, Strategic Export Controls together with his Corporate Team in Derby and London, the US Export Compliance team in Reston and Indianapolis, our regional teams in Germany, Canada and Asia Pacific are the subject matter experts on policy, procedures, licensing and compliance. There are also an increasing number of Export Control Specialists in the businesses and functions that are your first port of call and provide dedicated support to their area. They are functionally responsible to the Director, Strategic Export Control.

Advice from the Export Control Function should be sought where there is any doubt or question as to the legality or propriety of any export.

For additional information and guidance, export control policy statements and contact details of the Global Export Control team and Export Points of Contact (EPoC) please see the Export Control Engine Room.

# LOBBYING AND POLITICAL SUPPORT

## A. Policy values

Rolls-Royce is committed to ensuring that any Lobbying Activity or Political Support is done in compliance with all laws and regulations.

## B. Principles

All employees and anyone acting on behalf of Rolls-Royce engaged in Lobbying Activity or Political Support must act with honesty, integrity and transparency at all times. Rolls-Royce does not prefer one political party over another and Rolls-Royce does not make Political Donations to political parties or related organisations.

## C. Expectations

### Lobbying Activity

All employees and anyone acting on behalf of Rolls-Royce contemplating Lobbying Activity or has taken part in Lobbying Activity must seek advice from the relevant Government Relations team to ensure compliance with internal policies (for example, the Know Your Partner Policy) local laws and regulations and, where relevant, lobbying registers. The information provided by any employee or Third Party in their Lobbying Activity must be transparent, factually correct and fairly represented.

### Political Support Activity

All employees, and anyone acting on behalf of Rolls-Royce contemplating Political Support must seek advice from the relevant Government Relations team to ensure compliance with local laws and regulations. Occasionally, we get involved in activities, not connected to our business activities, involving the political community, such as political figures visiting our sites. Employees should always seek advice from the relevant Government Relations team before approving such activities.

Our general principle is to decline invitations for political comment and, if there is any doubt, employees should consult the relevant Government Relations team for advice.

# LOBBYING AND POLITICAL SUPPORT

## **Personal Political Support**

Employees must not make any Political Donations on behalf of Rolls-Royce.

Certain Rolls-Royce employees in the United States have a right to organise Political Action Committees. Rolls-Royce will comply with all laws and regulations governing such Political Action Committees. All employees who take time out of work (not as annual leave or vacation or other personal time off) to carry out Personal Political Support must obtain approval from their Line Manager and keep a record of the time spent providing that Personal Political Support. That record must be submitted each year by 31 December to the relevant Government Relations team for the purpose of ensuring that Rolls-Royce has not breached its shareholder resolution to not make Political Donations above a certain limit.

For further information please contact a member of your local Government Relations team. Additional guidance on specific country application of this policy as applied to recognised employee representatives can be provided by the regional HR department.

# SPEAK UP

## A. Policy values

Rolls-Royce is committed to having an environment where employees feel able to suggest ideas, raise concerns and ask questions.

## B. Principles

It is vital that all employees and stakeholders are able to speak up when they have ideas or suspect any breaches of the Group Policies or unethical behaviour.

This policy focuses on the routes for raising concerns rather than suggesting ideas.

Rolls-Royce is committed to appropriately investigating all matters raised.

For concerns raised via the Rolls-Royce Ethics Line, we aim to conclude investigations within 60 calendar days.

## C. Expectations

### All Employees, and Stakeholders

You are encouraged to raise concerns via one of our four main channels:

- your Line Manager;
- a subject matter expert (for example, your People Partner). There may also be employee representatives who can help you;
- your Local Ethics Advisers; and
- Ethics Line ([www.rolls-royce.com/ethics line](http://www.rolls-royce.com/ethics line)).

It should not be necessary for you to raise your concern or via more than one channel. Furthermore, these channels are not a route of appeal if an employee is dissatisfied with the outcome of another process.

### Line Managers, Subject Matter Experts and Local Ethics Advisers

You should ensure that concerns raised to you are prioritised and resolved in a timely manner.



# SPEAK UP

## **Ethics Line**

Ethics Line allows employees and other stakeholders to raise concerns or ask questions confidentially and anonymously in their own language via the telephone or online.

It is managed by an external company and concerns or questions received, are sent to the Ethics and Compliance team. Ethics Line has an anonymous message board facility which allows the Ethics and Compliance team to communicate with anonymous reporters.

Typically investigations are conducted by subject matter experts or independent managers. The role of the Ethics and Compliance team is to oversee the issue and ensure it is investigated appropriately. Reporters will receive feedback once the investigation has concluded.

Due to the confidential nature of investigations, reporters may not always receive detailed feedback, particularly if those findings relate to other employees.

## **Retaliation**

Retaliation occurs when an individual experiences a negative consequence as a result of speaking up. It takes many forms (some may be more obvious than others) and can be caused by managers, peers or subordinates.

Retaliation against individuals who speak up in good faith is prohibited and should be reported. If you are concerned about potential retaliation, you should flag this when you raise your underlying concern.

Additional information about the speak up channels can be found in Our Code and on the Ethics and Compliance Engine Room pages.

# GLOSSARY

**ABC Policies:** The following Group Policies and any associated procedures and guidance: (a) Conflict of Interest Policy; (b) Confidential Information Policy; (c) Anti-Bribery and Corruption Policy; (d) Gifts and Hospitality Policy; and (e) Know Your Partner Policy.

**Bribe:** Anything of value including any financial or other advantage given, offered, requested or received in order to improperly influence or reward any act, inaction or decision of any person.

**Charitable Contributions:** Support for good causes, which can include one-off financial contributions, employee time, or gifts in kind. Charitable contributions are aligned to business rationale, generate goodwill for our company and are usually socially motivated.

**Company:** This means Rolls-Royce plc, any of our holding companies, wholly owned subsidiaries or any other company in which we have a controlling and/or majority shareholding.

**Confidential Information:** Information, in any form, that is not in the public domain and is intended to be protected from disclosure. Information may be confidential whether or not it is labelled “confidential” or “proprietary” and whether it is oral, written, drawn or stored electronically. Labelling information “confidential” or “proprietary” or other classification does not automatically make the information Confidential Information.

**Conflict of Interest:** Any relationship, (personal or professional), influence or activity that may limit, or appear to limit, the ability of employees to:

- make fair and objective decisions when performing their jobs; or
- act in the best interests of Rolls-Royce.

**Contract:** A legally binding agreement between two or more people or organisations that sets out, among other things, the rules of confidentiality, ownership and use of intellectual property.

**Disclosure Committee:** This Committee comprises the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the General Counsel. The Committee is responsible for determining whether:

- Inside Information exists; and
- There are legitimate grounds to delay market disclosure of the Inside Information and create an Insider List.

Any decision taken by the Committee that an Insider List should be created, will be recorded in the Committee minutes and regularly reviewed.

**Employee:** Someone who works directly for the Rolls-Royce under an employment contract, either permanent or fixed term, or who is employed by us on an at-will basis.

**Employee Time:** A commitment of company time, made through our people. This includes time given to activities on behalf of the company, and additional paid leave agreed for people to commit to individual charitable or community commitments.

**Facilitation Payment:** A payment made to a Government Official in exchange for them taking (or speeding up) decisions or actions. The payment of a fee to fast track or speed up a service in accordance with an official and published price list is not a Facilitation Payment.

# GLOSSARY

**Gifts and Hospitality (G+H):** Any Gift, Hospitality or Gift and Hospitality combined as a single event. A single event may be for several days or may involve multiple venues (such as a bar, restaurant and sporting event).

**Gifts:** Anything of value offered, or given to, or received from, a Third Party that is not Hospitality, including Gifts in Kind.

**Gifts in Kind:** Gifts of products, equipment or services which usually have little cost to the company but a greater value to the beneficiary. Examples include products donated to colleges or museums, meeting rooms or venue space given to charity or community partners, and printing done for not-for-profit organisations.

**Government Official:** Any:

- employee of a State-Owned Company;
- officer or employee, or anyone acting on their behalf, of any department, agency or instrument of a government (at any level). This includes (but is not limited to) employees and members of the military, para-military, security services, police force, customs, border patrol, legislatures and judicial system of any country;
- elected political representative;
- political party and any officer, employee or other person acting on behalf of a political party;
- candidate for public office;
- member of a ruling or royal family;
- officer of any body, whether public or private, that has delegated powers to administer public funds;
- officer or employee of a public international organisation (for example, the United Nations and the World Bank);
- special adviser to governments, or individual government officials, whether paid or unpaid, formal or informal; or
- family member of any of the above.

**Hospitality:** Any travel, food, drink, accommodation, entertainment, cultural or sporting event (participating or watching), offered to or by, given to, or received from, a Third Party. Free attendance at a conference is not considered Hospitality but if a Third Party pays your travel and accommodation costs to attend that is considered Hospitality.

**Incident:** An adverse event or chain of events in or affecting an information system that constitutes actual harm or the attempt to harm, i.e. compromises the confidentiality, integrity or availability of business information, for example a policy violation, unauthorised access attempts or usage, or changes without the Owner's knowledge, instruction or consent.

**Information Systems and Systems:** The term "Systems" and "Information Systems" shall refer to all computer operations within Rolls-Royce, including, but not limited to, mainframes, midranges, minis, local- and wide-area networks, personal desktop and laptop computers, smart phones, tablets, telecommunications, any new technologies currently under development, and any other specialised computing or storage devices residing in functional areas where data is transmitted or processed via electronic, telecommunications, satellite, microwave, wireless or, any other media.

# GLOSSARY

**Insider List:** This is a general description and relates to any list of individuals with access to Inside Information (i.e. a price sensitive project). An Insider List will only be created in the event that Inside Information exists. Individuals on an Insider List will be subject to a share dealing prohibition. All Insider Lists must be created and maintained in a prescribed format which includes personal information for each individual. This information must be maintained for a period of five years and be made available to the Financial Conduct Authority upon request.

**Intellectual Property:** Intangible property that is the result of creativity, such as designs, patents, copyrights and trademarks.

**IT:** Information Technology.

**Joint Venture:** legal entities which Rolls-Royce owns and/or controls more than zero but less than 100% of.

**Line Manager:** The employee who approves the expenses of another employee.

**Lobbying Activity:** Activity intended to influence the actions, policies or decisions of Government Officials. This does not extend to the involvement of Government Officials negotiations relating to the purchase of products or services from Rolls-Royce or the sale of products or services to Rolls-Royce.

**Our Code or the Code:** The Rolls-Royce Global Code of Conduct, also referred to as “At Our Best: Our Code” (found at <https://ourcode.rolls-royce.com/>).

**Owner:** Identifies an individual or entity that has approved management responsibility for controlling the production, development, maintenance, use and security of an Information System. The term ‘owner’ does not mean that the person actually has property rights to the asset.

**Personal data:** Any information about living individuals, which is held in electronic form (e.g. on a computer database), or in a structured manual (paper) filing system.

**Personally Identifiable Information:** Within information security, Personally Identifiable Information (PII) refers to information that can be used to uniquely identify, contact, or locate a single person or can be used with other sources to uniquely identify a single individual.

**Personal Political Support:** Any activity which requires an employee to come into contact with the political community or deal with political matters in a personal capacity rather than in a capacity representing Rolls-Royce, other than voting in government elections or activity during annual leave, holiday or other approved personal time off.

**Political Action Committees:** A group that raises and contributes money to political campaigns and candidates.

**Political Donation:** A payment or transfer of value (which includes time) made to a political party, political organisation, think-tank or charity affiliated with a political party, or any representatives of such parties, or individuals standing for public office.

**Processing:** Any activity involving personal data such as collection; use; manipulation; recording; storage; retrieval; adaptation; alteration; disclosure by transmission or otherwise; dissemination; destruction or erasure.

# GLOSSARY

**Red Flags:** Indicators, or warning signs, of potential breaches of the Group Policies. Examples of Red Flags can be found in the Global Know Your Partner Procedures on the Ethics and Compliance Engine Room Pages.

**Regulation:** A rule defined by a relevant law, statute, industry body or Government agency, or a contractual requirement imposed on Rolls-Royce or a user concerning information or systems, i.e. over and above the rules of the policy defined here and other Rolls-Royce policies.

**Sensitive Information:** Information/data or files which if disclosed without authority could harm or prejudice the interests of Rolls-Royce (in the case of personal information, the individual who is the subject of the information/data).

Sensitive information/data and files include government classified/protectively marked, personal, Rolls-Royce proprietary, customer furnished, legally privileged, share price-sensitive and commercially confidential information/data and files. Information classification and export control policies define this further.

**Sensitive personal data:** Certain types of personal data classes, laid down in legislation: racial or ethnic origin; political opinions; religious or other similar beliefs; trade union membership; physical or mental health; sexual life and/ or criminal records.

**Social media:** Any type of online forum or tool that lets you share information – whether that's text, audio, images, videos, locations, or any file type - with other people. Twitter, Facebook, LinkedIn, YouTube, Yammer and Flickr are just a few examples, but the number of social media sites grows regularly.

**Social Sponsorships:** Commitments aligned to our business objectives and which enhance our brand and reputation. Sponsorships generally involve a defined benefit such as promotion of our brand, image, products or other agreed benefits. Social sponsorships can be either socially or commercially motivated, as long as they have a social dimension.

**State-Owned Company:** A company which a government or government body owns or controls 50% or more of, directly or indirectly. Any entity owned or controlled in part by more than one government shall be a State-Owned Company if their combined ownership or control is 50% or more even if no single government owns 50% or more. A company owned less than 50% by a government or governments may still be a state-owned company if it otherwise acts like a government body.

**Third Party:** Any entity or individual other than Rolls-Royce, its wholly-owned subsidiaries and Joint Ventures.

**Users:** All Rolls-Royce Employees, partners, stakeholders, secondees, contractors, sub-contractors, agency workers, volunteers, suppliers, co-located Users, UTC Users, Joint Venture Users, visitors, third parties or other persons that the Company has provided with authorised access to Rolls-Royce Systems and Information Systems.