ROLLS-ROYCE GLOBAL CODE
OF BUSINESS ETHICS
“WHATEVER IS RIGHTLY DONE, HOWEVER HUMBLE, IS NOBLE”
SIR HENRY ROYCE

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Chapters include questions and answers on ethical issues. Reference numbers in the text refer to the global Rolls-Royce policies listed in the chapter Applying This Code.

FOREWORD
WE IN ROLLS-ROYCE SEEK TO BE RESPECTED GLOBALLY AS ONE OF THE WORLD’S LEADING SUPPLIERS OF PRODUCTS AND SERVICES FOR THE CIVIL AND DEFENCE AEROSPACE, MARINE AND ENERGY MARKETS.

Our goal is to be trusted by our customers, investors and communities to deliver excellence through the commitment of our employees, partners and suppliers.

We will only achieve this goal and sustain this reputation in the long term if we act in accordance with our corporate values of Integrity, Reliability and Innovation.

We must live up to the high ethical standards we have set ourselves and act according to laws and regulations wherever we operate. This Global Code of Business Ethics is our commitment to act in this way in all our business dealings. It expresses our values upon which our success and our future as a business depend.

The Code provides a summary of the principles we must abide by to preserve and enhance the reputation of Rolls-Royce. It applies to all of us in Rolls-Royce. Our managers have the additional responsibility to create the climate and opportunity for all employees to do the right thing and to voice genuinely held concerns without fear of victimisation.

We shall not tolerate victimisation and the Code shows where employees may find advice, information and support.

We are proud of our long history of responsible business conduct by our employees across all our businesses.

Simon Robertson
Chief Executive

Sir John Rose
Chairman

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AS EMPLOYEES, WE WISH TO HAVE A WORKPLACE WHERE WE FEEL RESPECTED, FULFILLED AND APPRECIATED.

ROLLS-ROYCE ASPIRES TO BE AN ATTRACTIVE EMPLOYER BY CREATING AND MAINTAINING A POSITIVE, RESPONSIBLE AND FAIR WORKING ENVIRONMENT.

AS A COMPANY, WE MUST COMPLY WITH EMPLOYMENT LEGISLATION WHEREVER WE OPERATE.
Q: Members of my team make jokes about my racial background. If I object, they say I am being over-sensitive. Should I just ignore it?

A: No. Your first step should be to talk to your manager about it. All managers are responsible for dealing with harassment and all allegations will be taken seriously and investigated. However, if you feel your case has not been treated properly, you should raise the matter with your HR department. You also have the option to use the confidential reporting line as described in Chapter 6: Applying This Code.

Q: As a manager, I am putting my team under a lot of pressure to meet targets. Surely I am right to leave them in no doubt if their performance needs to improve?

A: It is part of your responsibility to set challenging targets and to seek to improve your team’s performance. However, remember that Rolls-Royce does not support a bullying style of management, and you should try to analyse and deal with all the factors that may be hindering your team. There are company courses that can develop your skills in this area. See Chapter 6: Applying This Code, for sources of help.
Q: I suspect that safety procedures are potentially being compromised in the area in which I work. What should I do?
A:
Safety procedures must never be compromised. If you feel unable to speak to your supervisor about this, speak to the next level of management or someone from the Health, Safety and Environment department. If you wish, you may also raise this through your employee representative. Other sources of advice are listed in Chapter 6: Applying This Code. As a company, we will not tolerate the victimisation of employees who raise genuine safety concerns.

Q: I am very overstretched at work and not coping. Where can I get help?
A:
You can obtain support from Occupational Health or your HR representative. You may also find it helpful to read the Rolls-Royce guidance document ‘Seven Workstyle Maxims’ available from Occupational Health or online on the InfoCentre, Occupational Health: Information on Stress section.
Q: A female member of my team has children and I feel that her responsibilities as a mother must be compromising her job performance. I am considering candidates for a more senior position; can I take this into account?

A: All employment-related decisions must be based entirely on merit and the individual circumstances of the job. Decisions based on assumptions in the manner described constitute discrimination.

Q: I am worried that my medical condition could affect my prospects at work, if it became known. What should I do?

A: Talk in confidence to your manager or one of the other sources of advice described in Chapter 6: Applying This Code. Employers must not unlawfully discriminate against people with disabilities or treat them less favourably, and it is our policy to make reasonable modifications to working conditions to overcome difficulties encountered, where a disability is relevant and necessary.
OUR REPUTATION DEPENDS NOT ONLY ON THE HIGH QUALITY, INNOVATION AND TIMELY AVAILABILITY OF OUR PRODUCTS AND SERVICES BUT ALSO ON OUR CUSTOMERS’ CONFIDENCE IN OUR PROFESSIONAL INTEGRITY.

OUR SUCCESS IS ALSO INCREASINGLY TIED TO THE PERFORMANCE AND REPUTATION OF OUR SUPPLIERS.

WE SEEK CONSTANTLY TO STRENGTHEN OUR RELATIONSHIPS IN THE SUPPLY CHAIN BY CONDUCTING OUR BUSINESS IN A WAY THAT IS MUTUALLY BENEFICIAL AND COMPETITIVE.
No. These benefits are viewed in the same way as cash payments. Even common business gifts and courtesies may be unlawful when provided to government officials or managers of government-owned businesses. Local custom provides no protection or legitimacy. In these circumstances, you should always seek advice beforehand on applicable laws and regulations.

Q: Where can I receive advice on gifts or hospitality?

A: If in doubt, always ask your manager and, if necessary, one of the sources of advice listed in Chapter 6: Applying This Code.
Q: I have a technical worry that might have safety implications for the product, but it is too early to be sure. What should I do?

A: If you have concerns about safety you should always raise them with your manager, so that appropriate specialists have an opportunity to analyse the risk.

We apply our expertise in technical innovation to our products and services for the benefit of our customers, in order to bring them new market opportunities, good value and high quality products which are reliable and safe.

We communicate honestly and openly with our customers, seeking a full understanding of their requirements and meeting our commitments to them.

We respect the confidentiality of information from our customers to which we have access.
We value all our supplier relationships and we treat all our suppliers with fairness and integrity, regardless of the value of our transaction or the length of our relationship.

We expect our suppliers, their employees and subcontractors to operate to the highest standards of business integrity in their relationship with Rolls-Royce. We wish to work collaboratively with our suppliers to ensure proper understanding and compliance with our Supplier Code of Conduct and the Supplier, Health, Safety and Environment Policy, whose standards correspond with the provisions of this Code.

Our terms of business with suppliers are clear. We respect these terms and always aim to operate in accordance with them.

We aim to communicate honestly and openly with our suppliers, seeking a full understanding of their problems, and working with them to find solutions that satisfy both parties.

We respect the confidentiality of information from our suppliers to which we have access.

Q: Does this Code allow me to stay in a supplier’s guest house when on a company visit?
A: Yes, if this is a facility the supplier offers to all its customers.

Q: Can I let the suppliers make my hotel arrangements when I visit?
A: Yes, as long as you pay the bills.

Q: One of our suppliers is paying its employees below the local legal minimum pay rates. What is the Rolls-Royce position on this?
A: We are committed to ensuring that Rolls-Royce contractual arrangements do not exploit third-party employees, and you should raise the matter with the manager responsible for this contract.
Q: I have been assigned by Rolls-Royce to work in a Joint Venture company. Which company’s policies should I be working to?

A: The policies of the JV company. If you feel that they are less rigorous than those laid out in this Code, you should raise the matter with your JV manager. If this does not resolve the problem, you should discuss it with your Rolls-Royce mentor or seek advice from one of the sources listed in Chapter 6: Applying This Code.

When setting up new joint ventures, we offer this Code as a model for any new entity that is not controlled by Rolls-Royce.
OUR SHAREHOLDERS AND OTHER INVESTORS TRUST US TO USE ALL OUR ASSETS – HUMAN, FINANCIAL, PHYSICAL AND INTELLECTUAL – TO MAKE OUR BUSINESS GROW AND INCREASE THE VALUE OF THEIR INVESTMENT IN ROLLS-ROYCE.
Q: How do I know which laws apply to my activity in the part of the world where I work?
A: If you are in any doubt about the application or interpretation of the law, you should contact the Legal department for advice (see p.41).

Q: What will happen to me where I may have breached a law in the course of doing business for Rolls-Royce?
A: If you have any concerns or are uncertain about your action, you should seek advice from the Legal department. Criminal penalties may apply, which may be more severe if you fail to report unlawful activity.

Q: I believe that an employee may be colluding with a supplier to defraud the company. What should I do?
A: You must report the matter to your manager. However, if you judge that to be difficult or inappropriate, reports may be made through the confidential helpline described in Chapter 6: Applying This Code or directly to the Director of Risk or the Director of Security. Your anonymity will be respected.

GOOD GOVERNANCE

We are committed to strict compliance with the laws and regulations that apply to our business activities around the world.

Our Board of Directors is committed to the highest standards of corporate governance in setting the company’s values and standards and ensuring that its obligations to our stakeholders are understood and met.

Our Board maintains a rigorous system of financial, operational and compliance controls and a robust system of risk management.

We aim to keep all our shareholders informed and to understand their concerns, whatever the size of their shareholding.

We are committed to maintaining accurate and complete business records including all transactions between the company and outside individuals and organisations.

We are committed to the prevention and detection of fraud and will report any suspicion of fraudulent activity. Fraudulent activity is a criminal offence.

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Q: My husband works for a company that supplies Rolls-Royce with equipment. Sometimes I am responsible for purchasing supplies from them. What should I do?

A: Explain this to your manager, who will provide guidance or seek advice.

Q: I have often dealt with military customers in the course of supplying Rolls-Royce equipment. One of them has asked me about the possibility of employment by the company after he leaves the military. How should I respond?

A: You should not discuss the details of any employment opportunities without first agreeing the position with HR. There are also conflict of interest regulations that must be fully and carefully observed. Share the facts of the situation with your manager and the Legal department.

We avoid any relationship, influence or activity that might impair, or even appear to impair, our ability to make objective decisions when performing our jobs. As employees, we do not:

- Provide services (as an employee, consultant, or otherwise) to a competitor or potential competitor.

- Place business with a firm owned or controlled by an employee of Rolls-Royce or his or her family, unless written approval has been received beforehand.

- Own, or have a substantial interest in, a company which is or has the potential to be a Rolls-Royce customer, supplier or competitor.

If such a situation arises, or if we are unsure as to whether or not any conflict of interest may have arisen, we will report it promptly to the responsible manager and seek advice.

We comply with the laws and regulations that apply to the actual or potential employment or engagement of former military and civilian government personnel.

We do not engage in, encourage or facilitate insider trading. This means that we will not use any non-public information about Rolls-Royce or other companies for buying or selling shares, other securities or financial instruments for personal gain. Neither will we pass such information to anyone else.

We comply with the laws and regulations that apply to the actual or potential employment or engagement of former military and civilian government personnel.
SECTION 3.3  RUNNING OUR COMPANY  SAFEGUARDING OUR ASSETS

Technology, information and designs are the lifeblood of Rolls-Royce, the means by which we remain competitive and serve the interests of our shareholders. We keep such company information in the strictest confidence and do not disclose it without proper authorisation.

Our customers include governments and defence companies and our projects may therefore be commercially sensitive and raise issues of national security. We will not seek unnecessary or unauthorised access to material and, where we have authorisation, we will comply with the relevant security regulations.

We are each responsible for the proper use of Rolls-Royce and customer property, including electronic communication systems, materials, facilities and equipment. We use and maintain these assets with care and respect, guarding against waste and abuse. We use them only for company purposes unless we have proper authorisation for other use.

We will not tolerate the deliberate downloading or circulation of illegal, offensive, obscene or inappropriate materials.

Q: I have invented something in the course of my work with Rolls-Royce which I think is novel and could benefit the company. What should I do about it?
A: You should discuss it with the Intellectual Property department, who will advise whether a patent should be applied for. Remember that prior disclosure of the invention to the outside world could result in failure to obtain a patent.

Q: I am a school governor/official and would like to offer some practical help, possibly including the loan of company equipment, to encourage the study of engineering in the school. Could this be arranged?
A: It is Rolls-Royce policy to support such activity where appropriate. However, the prior agreement of the company is needed before any company equipment is loaned. You should raise the matter with your HR department who can advise you.

Q: I have been allocated a company laptop computer for company use whilst I am out of the office. Are there any restrictions on my use of it to access the internet at home or in my own time?
A: The time spent is your own and therefore you may access the internet using a company laptop. However, accessing illegal, offensive or inappropriate sites remains unacceptable. Also, given that there is a cost to the company arising from use of the laptop, any non-business use should be of a reasonable duration.
Q: What should I do if I get a phone call from a journalist asking questions about the company’s position on a particular issue?

A: Unless you have been specifically cleared to discuss the issue, you should politely refer the journalist to the Corporate Communications department.

Q: What should I do if one of my customers or suppliers wants to use the Rolls-Royce logo?

A: The Rolls-Royce logo is a valuable strategic asset for the company. There are specific brand guidelines and all such requests should be addressed to the Corporate Communications department.
OUR VISION IS TO BE KNOWN FOR THE EXCELLENCE OF OUR HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE. WE HAVE DEVELOPED A STRATEGY WITH THE OBJECTIVE OF DELIVERING WORLD-CLASS PERFORMANCE LEVELS. (SEE ALSO CHAPTER 1.2 ON HEALTHY AND SAFE WORKING.)
Q: What do I do if I believe that the business in which I am working is in breach of national environmental legislation?

A: As a company we are committed to obeying the law. You should raise the matter with your manager or the Director of Health, Safety and the Environment.

Q: I am sometimes asked what Rolls-Royce is doing to reduce the environmental impact of aircraft. How do I answer?

A: If it is a question from a friend or family member, you can refer to the priority we are giving to investing in research and technology which is directed at improving the environmental performance of our products. We are also developing low carbon technologies, including alternative energy sources. You can seek more detailed guidance from the Health, Safety & Environment department or at http://www.infocentre.rolls-royce.com/environment. If, however, you receive a formal enquiry from the media, you should refer it to the Corporate Communications department.
WE HAVE A FIRM AND LONG-STANDING COMMITMENT TO THE COMMUNITIES IN WHICH WE LIVE AND WORK.

OUR DUTY OF CARE TO OUR NEIGHBOURS IS LINKED TO OUR OPERATIONAL BUSINESS OBJECTIVES AND IS AN INTEGRAL PART OF OUR APPROACH TO CORPORATE RESPONSIBILITY.

WORKING WITHIN OUR COMMUNITIES
Q: What if complying with this company code breaks local law?
A: You must always comply with local law. If you are concerned about any conflict, speak to your manager or seek advice from the Legal department.

Q: Will the company support me in working for voluntary organisations such as school committees or community groups?
A: Yes. However, company time or resources must only be used after permission has been granted.

Q: As a Rolls-Royce employee, may I stand for political office?
A: Yes, providing you are not using the Rolls-Royce name, time or resources, or attributing your views to the company. Any activity during company time must be properly authorised.

Q: If a member of the community approaches me with a complaint, what should I do?
A: Always treat it politely and seriously and report the complaint to your manager, who will take the required action or seek further guidance.
APPLYING THIS CODE

THE CHAIRMAN AND THE CHIEF EXECUTIVE HAVE WRITTEN THE FOREWORD TO THIS CODE. THE BOARD OF THE COMPANY IS FULLY COMMITTED TO THE IMPLEMENTATION OF THE CODE, TO PROVIDING FULL SUPPORT TO ALL EMPLOYEES IN UPHOLDING ITS PRINCIPLES AND TO DEALING WITH ANY UNETHICAL BEHAVIOUR.
SECTION 6.1

APPLYING THIS CODE

PROMOTING ETHICAL BEHAVIOUR

A group of senior executives, comprising the Director of Human Resources, Director of Public Affairs, General Counsel, Company Secretary, Director of Risk and Director of Security is accountable to the Main Board for keeping the company’s ethical performance under constant review and taking any necessary action.

Likewise, Rolls-Royce North America has a Corporate Compliance Council, comprising the Vice President Security, Vice President Human Resources, Director Business Assurance, General Counsel and the Ethics Program manager. The Council meets regularly to review ethical concerns as well as ethics training, reporting and response activities in North America.

Training programmes are being progressively provided for employees throughout Rolls-Royce to increase awareness in the issues covered by this Code. In Rolls-Royce North America, Local Ethics Officers (LEOs) have been appointed who, in addition to their normal jobs, have the training and experience necessary to provide local guidance and support. Besides offering advice, LEOs often work with subject matter experts to oversee formal investigations into reported unethical behaviour.

SECTION 6.2

APPLYING THIS CODE

SEEKING HELP

Never hesitate to seek guidance on matters of ethics and business conduct. First, talk to your supervisor or manager, if you can. If you don’t feel comfortable with this, then there are other people in the company who have knowledge and experience of ethical matters and who can help you, for example:

| Communication | Your Communications department |
| Community Relations | The Head of Community Relations |
| Finance | Your Finance department |
| Health, Safety and Environment | Your HS&E Advisor or the Director, HS&E |
| HR and employment | Your HR department |
| Legal | Your Legal department |
| Occupational Health | Your Occupational Health department |
| Suspected criminal behaviour and fraudulent activity | The Director of Security |
If you think you have seen or experienced unethical behaviour, you should do something about it. Start by discussing it with your supervisor or manager. He or she is responsible for taking action to correct anything that may be wrong. However, if you feel unable or uncomfortable using the normal reporting channels, you may consult one of the other sources of advice listed on p. 41 and p. 42. If you prefer, you may write to the Rolls-Royce Company Secretary.

In addition, Rolls-Royce is progressively introducing an ethics reporting line to enable you to talk in confidence to someone outside your immediate business unit if you suspect that the law or our Code may have been broken. This facility already exists in North America and is known as the Ethics Helpline and will be known elsewhere as the Ethics Reporting Line. This facility is being extended to other parts of the world, where it is permissible within local law. Companies that specialise in providing an independent, confidential telephone answering service operate these facilities.

A member of their staff will take your call and listen to your concern. They will then make a report to the company. They will also give you a call reference number so that you can contact them again to find out what is being done. Giving your name will help in following up the concern quickly. Your details will remain confidential and be known only to those specifically involved in investigating your concern. However, if you request that your call be dealt with on an anonymous basis your wish will be respected.

Continued on the following page.
DEALING WITH UNETHICAL BEHAVIOUR  
CONTINUED  

The information you provide will be given to the Rolls-Royce Director of Security or, in North America, the Vice President, Security, who is independent of the business structure and will deal with issues impartially and in strict confidence. In some cases he may need advice or information from other senior executives in order to complete his investigations. Cases may also be brought to the attention of the group of directors who review the company’s ethical performance.

The Board wants you to take an ethical approach to your work for Rolls-Royce and will protect your position and maintain the integrity of the reporting process. Anyone who tries to undermine this commitment, or deliberately gives false information, can expect to be disciplined, which may include action up to and including dismissal.