

# Global Advisers Policy

**Trusted to Deliver Excellence**

# Introduction

Rolls-Royce has a zero-tolerance policy to bribery and corruption. This zero-tolerance approach is set out in section 4 of our Global Code of Conduct and is reflected in the anti-bribery and corruption (“ABC”) policies, procedures and guidance which collectively provide a comprehensive set of standards that all of us, without exception, are required to comply with.

High standards of ethical behaviour and compliance with laws and regulations are essential to protecting the reputation and long-term success of our business. Any incidents of bribery and corruption involving, or relating to, the Company will damage our reputation. All employees have a personal responsibility for protecting our reputation and living up to our values of being “trusted to deliver excellence”. Breaches of the ABC Policies are not acceptable and may result in disciplinary action up to and including dismissal.

Whilst Rolls-Royce uses its own employees to conduct its business where possible, sometimes Rolls-Royce must use Advisers, such as consultants and distributors, to assist in marketing and distributing its products and services or in strategic or political matters. This Global Advisers Policy (“Policy”) and the Global Advisers Procedures (“Procedures”) that go with it govern the appointment of Advisers. The basic principles of the policy and procedures are:

- Rolls-Royce only appoints Advisers of known integrity and requires that their conduct meets the Company’s standards at all times;
- Rolls-Royce will not appoint, renew or otherwise become associated with Advisers that may expose it to unacceptable reputational and legal risk;
- Rolls-Royce only appoints Advisers in appropriate circumstances and where there is a genuine business need to do so; and
- Rolls Royce will ensure that the risks associated with using Advisers are understood and managed.

This Policy and the Procedures are mandatory and apply to all employees of Rolls-Royce and its wholly owned subsidiaries (“Rolls-Royce” or “Company” or “employees”). Rolls-Royce employees who are directors on Boards of joint ventures should encourage the joint venture to adopt this Policy as a model or use a similar policy which meets the similar standards.

**This policy and the other ABC policies set a minimum standard that must be followed, where local laws, regulations or rules impose a higher standard, that higher standard must be followed.**

# Common terms

## ABC Laws and Regulations

The UK Bribery Act, the US Foreign Corrupt Practices Act, any legislation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Proceeds Of Crime Act, the Anti-Terrorism Act and other similar laws and regulations in the countries where we do business.

## ABC Policies

The Rolls-Royce policies, including this Policy, procedures and guidance dealing with ABC issues, which collectively provide a comprehensive set of standards with which Rolls-Royce and its employees are required to comply. The ABC Policies are listed on the Rolls-Royce Compliance intranet pages. For employees without access to the intranet, the ABC Compliance team can provide this information.

## Adviser

Any person, company or other legal entity (other than a Rolls-Royce owned or controlled company or its employees) who is engaged to provide Adviser Services.

## Adviser Services

Guiding, influencing, promoting, carrying out, performing, assisting or supporting the sales and marketing efforts, strategic development or political context of Rolls-Royce or its business or distributing Rolls-Royce products or services.

Examples of these types of services include:

- a) direct or indirect promotion and support of marketing/sales or business development campaigns;
- b) assistance with understanding and influencing the customer, the customer's organisation, the customer's requirements and the customer's budget allocation;
- c) assistance with lobbying or otherwise influencing the strategic or political environment or context for our business;
- d) assistance with setting up meetings with contacts at the customer; and
- e) assistance with offset, industrial participation and counter-trade arrangements.

Please note this list is not exhaustive and more guidance can be found within the Global Advisers Procedures.

## Procedures

The Global Adviser Procedures, which describe the procedures required for the appointment, management, oversight, payment and termination of Advisers.

# 1. Global Adviser Policy

## 1.1. Policy

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1.1.1. We will only appoint Advisers of known integrity and require that their conduct meets our standards at all times.

1.1.2. It is an Adviser's work, not its title, which is important. Any firm, organisation or individual performing Adviser Services will be covered by the Policy regardless of any alternative label or description of them. If an employee is unsure whether a party falls within the definition of "Adviser" in this Policy, he or she must contact their Sector Compliance Officer or a member of the Central Compliance team.

1.1.3. The Director of Risk will issue Procedures for the appointment, management, payment and termination of Advisers, which will be compatible with this Policy. Such Procedures will be mandatory and must be complied with by the Company and by all employees. An overview of the Procedures is provided at Appendix 2.

1.1.4. The Chief Compliance Counsel – ABC will ensure that training programmes concerning the Advisers Policy and the Procedures are made available for employees and Advisers. Such training programmes is mandatory and must be completed on a periodic basis by all Advisers, all employees who work with or are involved in the appointment, payment, termination, monitoring or management of Advisers and all managers of such employees.

## 1.2. All employees

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### **You must:**

1.2.1 only appoint, manage, pay, renew, amend and/or terminate the terms of appointment of an

Adviser in accordance with applicable law and regulations, the principles outlined in this Policy and the steps set out in the Procedures;

1.2.2 only engage Advisers of known integrity that meet the high ethical and commercial standards of Rolls-Royce;

1.2.3 only make payments to Advisers that are approved, proportionate, proper, legal and legitimately due in relation to the services provided and that are accurately described and recorded in the Company's books and records;

1.2.4 monitor Advisers' performance and require evidence that services have been duly and properly rendered by the Advisers; and

1.2.5 report as soon as possible if you know or suspect a breach of this, or any ABC, Policy by you or by another person. Reports should be made to a member of the ABC Compliance team, the Legal Function or the Ethics Line.

### **Further:**

1.2.6 In addition to complying with the law, this Policy and the Procedures, those wishing to appoint an Adviser or renew or amend a contract with one must clearly demonstrate the following:

1.2.6.1 there is no apparent risk that the Adviser will engage in corrupt or unethical behaviour;

1.2.6.2 there is a clearly demonstrated and documented business case for retaining the Adviser in a particular market for a particular product, service or purpose;

1.2.6.3 there is a compelling justification for the remuneration proposed (taking into account remuneration paid to other advisers in the same market or comparable markets); and

1.2.6.4 the Company would not be embarrassed if the fact that the Adviser was retained, its mission and the terms of its engagement were made public.

### **1.3. Sector Presidents, Function Heads, Business Leaders and Directors**

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#### **You will ensure that:**

1.3.1 all relevant employees in your sector, function or business are aware of the Adviser Policy and procedures;

1.3.2 all relevant employees in your sector, function or business receive regular messages from line management to comply with the Adviser Policy e.g. via an agenda item for team meetings or other regular communication methods;

1.3.3 all employees in your sector, function or business complete any required ABC training on this Policy and refresher training, as appropriate to their roles;

1.3.4 sufficient resources and personnel, and appropriate systems and reporting requirements, are in place to properly implement and operate this Policy;

1.3.5 the records required by this Policy and applicable ABC Laws and Regulations are complete, up-to-date and accessible for internal and external review; and

1.3.6 any non-compliance with this Policy and applicable ABC Laws and Regulations within your sector, function or business is dealt with in an appropriate and timely manner, and reported to your Sector Compliance Officer and the Chief Compliance Counsel – ABC.

### **1.4. Red Flags**

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1.4.1. Red flags are indicators, or warning signs, that something might not be right. If employees become aware of any red flags relating to an Adviser, they must report the red flags immediately to their Sector Compliance Officer or the Chief Compliance Counsel – ABC. The existence of a red flag does not automatically mean that Rolls-Royce must not engage, or must cease dealing with, the Adviser, but any red flags must be investigated and resolved without delay. The exact nature of any resolution will depend on the circumstances surrounding each red flag. Some examples of common red flags may be found in **Appendix 1**.

### **1.5 Breaches of this Policy**

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1.5.1 Breaches of this Policy are not acceptable and may result in disciplinary action up to and including dismissal.

## 2 Where to find out more

- The Rolls-Royce ABC Compliance team

Or specifically the office of the Chief Compliance Counsel – ABC

- The Rolls-Royce Ethics Line  
[www.rolls-royce.com/ethicsline](http://www.rolls-royce.com/ethicsline)
- The Rolls-Royce Legal Function

## 3 Other policies you should read

- The Global Adviser Procedures
- The Rolls-Royce Global Code of Conduct
- The ABC Policies on the Rolls-Royce Compliance intranet pages

# Appendix 1

## Red Flags

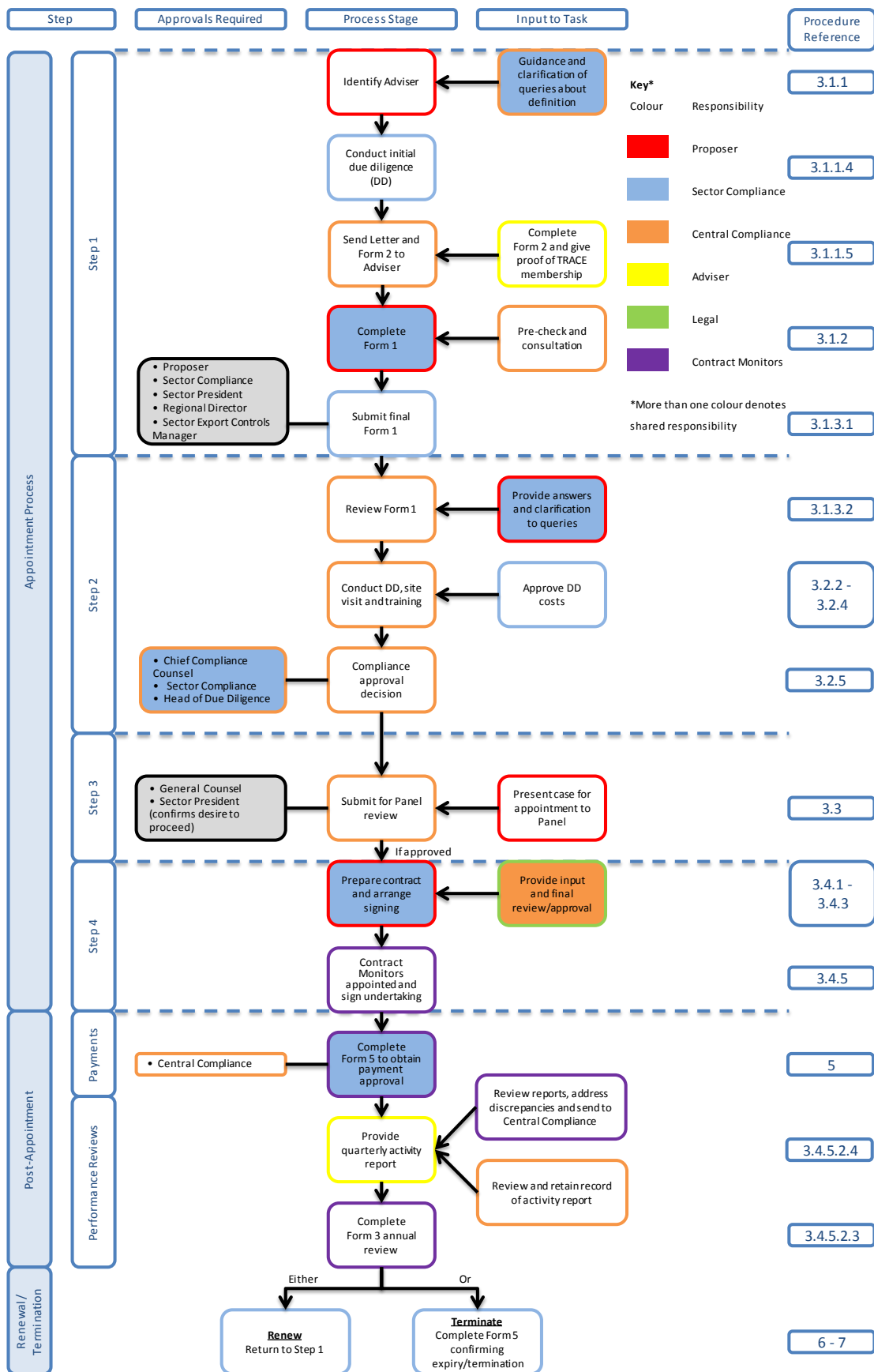
Red flags are indicators, or warning signs, that something might not be right. You must not ignore red flags, but what you do when you see them will depend on the circumstances of each case. The following are examples of common red flags. These are just examples. You need to look out for others that may arise.

- A history or reputation for corruption in the relevant territory, or representation by the Adviser of other companies with a questionable reputation.
- Uncertainty as to whether an Adviser is suitably qualified or resourced for the work.
- Arrival of the Adviser on the scene just before the award of a contract.
- Any indication that the Adviser has been recommended by a Government Official or by a representative of the customer.
- Any suggestion of a close personal or professional relationship to the government or customer (whether as employee, contractor, associate, relative, spouse or close acquaintance).
- The Adviser is (a) an active or retired Government Official or (b) owned at least in part by a Government Official.
- Any payment to entities other than the entity engaged as an Adviser (for example, to personal bank accounts of directors).
- Any payments to accounts outside the relevant territory or outside of the place of business of the Adviser.
- The Adviser is located outside the relevant territory and/or has no significant business presence within the relevant territory.
- Any requests for "urgent" payments (especially if just prior to the anticipated award of a contract or a payment due under an existing contract) or for unusually high commissions or payments.
- Any statements that certain amounts of money will be needed to "seal the deal", "get the business" or for a poorly specified purpose (e.g., to "make arrangements") or that the Adviser can circumvent or "expedite" normal business or bid processes.
- Requests for payment of any amounts "up-front" (including by way of a loan to be repaid out of future remuneration).
- Requests for payment into multiple bank accounts.
- Requests for payment in cash or cheque or by way of an equity investment.
- Requests for non-standard descriptions/narratives on electronic transfers.
- Lack of transparency in expenses and accounting records of the Adviser (e.g., seeking to hide certain payments and less obvious concealment).
- Any attempt by the Adviser to avoid disclosure of identity or to keep his/her involvement secret.
- Any attempt by the Adviser to avoid disclosure of engagement as an Adviser.
- Any attempt by an Adviser to negotiate an amendment (however minor) to the anti-bribery provisions in the standard form contract.

- Lack of a bona fide business case for appointing the Adviser or any refusal to provide full details of what the Adviser will do or has done.
- Any request from the Adviser to prepare or execute false or inaccurate documentation.
- Any indication that information has been deliberately omitted from written communications to or from the Adviser, for example, statements like "I think it best if we discuss what was said at the meeting - I don't want to put it in writing".
- Any indication that the Adviser has been debarred or is ineligible to contract with any customer (including governments).
- Any request by the Adviser for a payment or gift for himself/herself or another.
- Any request by the Adviser for a commission or payment that is excessive or above the going rate.
- Due diligence reveals that the Adviser is a shell company or has some other unorthodox corporate structure.
- Any indication that the Adviser has committed an Export Control violation, including a violation of the US International Traffic in Arms Regulations.
- Any indication that the Adviser has committed a violation related to obtaining or using unauthorised Confidential Information (as defined in the Global Confidential Information Policy).



## Appendix 2 – Overview of the Global Advisers Procedures



Document control - for internal use only

<b>STATUS</b>	Final
<b>VERSION NUMBER/FINAL</b>	Version 1
<b>EFFECTIVE DATE</b>	17 October 2014
<b>NEXT SCHEDULED REVIEW</b>	January 2016
<b>SPONSOR</b>	Director of Risk
<b>OWNER</b>	Chief Compliance Counsel
<b>AUTHOR</b>	Chief Compliance Counsel
<b>SUPERSEDES VERSION</b>	First issue
<b>SCOPE</b>	All employees globally and controlled subsidiaries and JVs

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