

Global Conflict of Interest Policy

Trusted to Deliver Excellence

Introduction

In accordance with section 4.2 of our Code of Conduct we seek to avoid Conflicts of Interest but, where they occur, we manage them by making appropriate reports to our management and abiding by the suggested actions to help resolve or manage the Conflict of Interest.

This Global Conflict of Interest Policy (“Policy”) is mandatory and applies to all employees and representatives of Rolls-Royce and its wholly owned subsidiaries (“Rolls-Royce” or “Company” or “employees”). A Rolls-Royce employee who is a director on a Board of a joint venture should encourage the joint venture to adopt this Policy as a model or use a similar policy which meets similar standards.

This Policy and the other Anti-Bribery and Corruption Policies (“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. Breaches of the ABC Policies are not acceptable and may result in disciplinary action up to and including dismissal.

This Policy:

- provides a framework for our approach to Conflicts of Interest
- sets out our Conflict of Interest reporting standard

Common terms

Conflict of Interest: any relationship, (whether personal or professional), influence or activity that may impair or appear to impair the ability of employees to:

- a. make fair and objective decisions when performing their jobs; or
- b. act in the best interests of the Company.

Examples are available in the Rolls-Royce Global Code of Conduct or the Conflict of Interest Guidance at the end of this Policy.

Line Manager: direct manager of an employee.

Insider Trading: making investment decisions based on non-public information that should be confidential.

Conflict of Interest Report: any written report detailing a Conflict of Interest which can be made in a written format agreed with your Line Manager. The written report must include:

- a. the nature of the Conflict of Interest; and
- b. steps taken to manage, resolve, or remove the Conflict of Interest.

1. Global Conflict of Interest Policy

1.1 All employees

You must:

1.1.1 seek to avoid any relationship, influence or activity that will impair, or appear to impair, your ability to do your job or make fair and objective decisions when performing your job, or that is not in the best interests of Rolls-Royce. Where such a situation cannot be avoided you must:

- a. report the situation promptly to your Line Manager;
- b. take steps to remove or mitigate the Conflict of Interest;
- c. carry out any Conflict of Interest resolution or termination activities your Line Manager recommends; and
- d. complete a Conflict of Interest Report;

1.1.2 not engage in, facilitate or encourage Insider Trading;

1.1.3 abide by the rules relating to the engagement of current or former military and civilian government personnel; and

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

1.2 Line Manager

You must:

1.2.1 assess any potential Conflicts of Interest that are reported to you, or you become aware of, and determine if an actual Conflict of Interest exists and therefore whether a Conflict of Interest Report is required;

1.2.2 determine the best course of action to resolve, manage, or terminate the Conflict of Interest, after consulting with ABC Compliance or Business Ethics as required;

1.2.3 request a Conflict of Interest Report (as detailed in the definitions above) where one is required, and ensure it is completed and submitted to Compliance Operations at compliance.operations@rolls-royce.com; and

1.2.4 review on an annual basis any reported Conflicts of Interest to ensure they are being managed in accordance with the resolution activities suggested in accordance with section 1.2.2 above.

2. Where to find out more

- The Rolls-Royce ABC Compliance team
www.infocentre.rolls-royce.com/compliance/pages/compliance_contacts.htm

or specifically the office of the Chief Compliance Counsel – ABC:

Jo Morgan

Chief Compliance Counsel – ABC

Rolls-Royce plc

62 Buckingham Gate, London SW1E 6AT

Telephone: +44 (0) 207 227 9115

Email: Jo.Morgan@Rolls-Royce.com

- The Rolls-Royce Business Ethics team
ethics@Rolls-Royce.com
- The Rolls-Royce Ethics Line
www.rolls-royce.com/ethicsline
- The Rolls-Royce Legal Function
www.infocentre.rolls-royce.com/legal/pages/AtoZ.htm

Other documents you should read

- The Guidance in the Appendix to this Policy
- The Rolls-Royce Global Code of Conduct
www.rolls-royce.com/global_code_of_conduct
- The ABC Policies and guidance documents on the Rolls-Royce Compliance intranet pages
www.infocentre.rolls-royce.com/compliance.

Global Conflict of Interest Guidance

Practical examples

The following examples illustrate the application of the Policy in various contexts. While the examples are meant to provide guidance, they cannot cover every possible situation that may arise. It is your responsibility to read, understand and apply the Policy correctly, and to seek further guidance if you need it. If there is a conflict between this Guidance and the Policy, then the Policy will apply.

Categories in this Guidance

- 1 [Outside employment](#)
- 2 [Ownership and financial interests](#)
- 3 [Company assets](#)
- 4 [Employment of personal partners, family members and personal friends](#)
- 5 [Employment of Government Officials](#)
- 6 [External company director](#)
- 7 [Rolls-Royce joint ventures](#)

1 Outside employment

You have a duty to fulfil the responsibilities of your role in Rolls-Royce, and additional employment outside the Company may compromise your ability to do so and be in breach of your contract of employment. You must discuss with your Line Manager any work you undertake which is in addition to your employment with Rolls-Royce that may cause a Conflict of Interest.

You must not work for, or provide any services to, a competitor or potential competitor, customer of Rolls-Royce or supplier to Rolls-Royce. You must not foster any relationship with any supplier, customer, competitor or other business partner of Rolls-Royce that compromises your ability to conduct business in the best interests of Rolls-Royce in an objective manner.

2 Ownership and financial interests

You must not influence the Company's decision to place external business with a company or other entity that is owned or controlled by you, your partner or any of your family members, or with a company in which you or your family members control more than 2%, or such lower level of economic interest that might influence or appear to influence your judgement.

Rolls-Royce may place external business with such a company or other entity only if you have not influenced the Company's decision to place business there and have completed a Conflict of Interest Report.

3 Company assets

You are responsible for the proper use of Company assets. On some occasions it may be appropriate to use Rolls-Royce assets for non-Company business, for example to support a charitable or educational activity. Any such proposed use must be discussed with and approved by your Line Manager. Rolls-Royce assets must not be used for personal gain or benefit or any political activity.

4 Employment of family members and personal friends

The recruitment, management and development of Rolls-Royce employees must be free from any actual, perceived or potential Conflicts of Interest. You should consult your Line Manager and Human Resources representative for guidance and applicability of the appropriate recruitment policy.

Unless such Conflict of Interest has been appropriately declared and any suitable mitigations have been put in place, you must not directly supervise, carry out performance appraisals of, be involved with deciding any form of remuneration for, or participate in any selection activity involving a family member or personal friend or any person you are in a relationship with.

5 Employment of Government Officials

You must adhere to the relevant laws in the locations in which you are operating relating to recruitment, or the use as an Adviser (as defined in the Global Advisers Policy), of actual or former Government Officials. Please refer to Government Relations and or the ABC Compliance team (contact details are available on InfoCentre).

6 External company director

If you are the company director of another entity external to Rolls-Royce, you are required to declare it to your Line Manager, the Company Secretariat team and the ABC Compliance team. Such a directorship is not permissible if it is with a company which may be considered, in good faith, a competitor of Rolls-Royce.

7 Rolls-Royce joint ventures and subsidiaries

Any Rolls-Royce employee who serves on the board of a Rolls-Royce joint venture company is acting as a director of, and has a responsibility to, that joint venture. Employees must be aware of the possibility of Conflicts of Interest between their responsibilities as a director of a joint venture, their role as an employee and the interests of Rolls-Royce as a shareholder in the joint venture. Please refer any Conflicts of Interest in relation to these roles to the Company Secretariat, Legal or ABC Compliance teams.

Document control - for internal use only

STATUS	Final
VERSION NUMBER/FINAL	Version 4
EFFECTIVE DATE	23 January 2015
NEXT SCHEDULED REVIEW	January 2016
SPONSOR	Director of Risk
OWNER	Chief Compliance Counsel
AUTHOR	Chief Compliance Counsel
SUPERSEDES VERSION	Version 3
SCOPE	All employees globally, subsidiaries and joint ventures

© 2015 Rolls-Royce plc

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