Speak Up Procedures

Handling Ethics Line & Other Ethics and Compliance Reports

Introduction

These Global Speak Up Procedures (the “Procedures”) support the Global Speak Up Policy (the “Policy”) (which can be found in the Group Policies Manual or the Global Anti-Bribery and Corruption Guideline at Power Systems) and describe how we handle concerns and questions which are raised via the Rolls-Royce Ethics Line (“Ethics Line”) and concerns raised to the Ethics and Compliance team via other channels (including to Local Ethics Advisers).

The Ethics Line is a service which allows employees and other stakeholders to raise ethical concerns or ask ethical questions confidentially and anonymously (if they wish) in their own language via the telephone, mobile intake or an online form. Ethics Line covers 19 languages which represent most of the major languages spoken in Rolls-Royce, but if an individual wishes to speak up in a language that is not covered they should contact the Ethics and Compliance team. The Ethics Line is managed by an external company (Navex) to ensure anonymity if required. When a concern or question is received, it is sent to the Ethics and Compliance team who will deal with it appropriately which typically requires them to send the report to a subject matter expert for investigation.

We seek to protect the privacy of individuals who use the Ethics Line. All employees are required to handle any personal data, including that within Ethics Line reports, in line with local data privacy laws, the Global Data Privacy Policy or other locally applicable data privacy policies and associated guidance.

The Company is committed to appropriately investigating allegations raised of ethical wrongdoing in a timely manner to minimise the period of uncertainty for those involved and ensure that any issues are resolved without delay. The Ethics and Compliance team is committed to supporting a working environment where we can all be at our best. Where ethical wrongdoing or misconduct is discovered, the Company will take appropriate action and take steps to prevent further similar misconduct (by conducting a root cause analysis to understand the underlying causes of issues, so that those causes can be addressed more widely than just in relation to the specific issue investigated).

The Group Head of Ethics and Compliance has overall responsibility for these Procedures and members of the Ethics and Compliance team are responsible for the management of the Ethics Line and other Ethics and Compliance investigations, coordinating a common approach and setting common standards for the implementation and management of these Procedures across the Company.

A flowchart showing an overview of these Procedures is at Appendix 1.

1. Common Terms

Ethics and Compliance team: the members of the Ethics and Compliance team listed in Appendix 2.

Fact-Find Report: a report prepared by the Investigating Manager following completion of the investigation. The format and level of detail required for the Fact-Find Report will be assessed by the Ethics and Compliance team on a case by case basis e.g. by email or formal written report.

Investigating Manager: the relevant subject matter expert (including members of the Ethics and Compliance team), who is appointed to investigate a Report.

Report: a concern raised via Ethics Line, the Rolls-Royce Ethics & Compliance Inbox, to the Power Systems Compliance Helpdesk, Local Ethics Advisers or raised via any other channel to the Ethics and Compliance team.

Reporter: an employee or other stakeholder who makes a Report.

Subject: an employee or other stakeholder who is alleged to have engaged in the behaviour/misconduct.

Managing and Investigating Allegations and Concerns

2. Ethics and Compliance Review

When a Report is received, a member of the Ethics and Compliance team will review the information provided by the Reporter. The Ethics and Compliance team review is typically the first time the Report will be reviewed by a Company employee. This initial review is required to ensure that only Reports which require an investigation are considered further and also to identify who the appropriate subject matter expert to investigate the Report would be. As part of the review, the Ethics and Compliance team will consider the following:

2.1.1 **Primary Issue:** Is there sufficient information to instigate an investigation? If so**,** what principle(s) of our Code does the Report relate to and who should be designated as the subject matter expert and/or investigator? If it does not relate to a principle contained in our Code and the Report does not include an allegation or concern relating to ethical wrongdoing, the Report will normally be closed as it would be considered outside of the scope of the Ethics Line and/or the Ethics and Compliance team.

2.1.2 **Business and Location:** Which business and location does the Report relate to? This is usually decided based on the business in which the Subject works (if known).

2.1.3 **Data Privacy restrictions:** Are there any data privacy restrictions which mean that the matter cannot be investigated? For example, in some parts of the European Union and Switzerland, Ethics Line only allows employees to raise concerns related to certain types of issues, particularly serious allegations of fraud or financial wrongdoing.

2.1.4 **Regulatory Obligations:** Does the Report concern allegations which would be disclosable to any regulatory authorities, in particular, pursuant to the requirements contained in our Deferred Prosecution Agreements? If so, details of the Report will be sent to the Group Head of Ethics and Compliance.

2.1.5 **Awareness of concern:** Has the Reporter indicated that the concern has been raised locally? For example, the Reporter may have raised this matter with their Line Manager, a trade union/employee representative or a subject matter expert (such as their local People Partner/HR Manager, or a member of the Export Control team). Where a matter has been raised locally and is being dealt with, the Ethics and Compliance team will not ordinarily ask another Investigating Manager to investigate, as this would be a duplication of efforts.

Alternatively, it may be that the Reporter has indicated that the concern is already being considered as part of another Company process, such as a formal HR process or a quality/product safety process. Again, in this situation, the Ethics and Compliance team will not ask another Investigating Manager to investigate, as the matter is already being addressed. The Ethics Line and/or the Ethics and Compliance team is not a route of appeal if an employee is dissatisfied with the outcome from another process. The Ethics and Compliance team will only progress such Reports which contain allegations of inappropriate behaviour in how a process has been followed.

2.1.6 **Reporter:** Is the Reporter named or has the Report been made anonymously? Where a Reporter's identity is known, those involved in investigating the Report will take reasonable steps to protect the identity of the Reporter. In certain circumstances, the nature or details of the Report may mean that it is not possible to investigate without revealing the Reporter's identity. Similarly, for anonymous Reports, notwithstanding that the Report has been made anonymously, the Reporter may be identifiable due to the nature of the Report. The Company has a strict non-retaliation policy in respect of raising a concern and therefore any Reporter who experiences any form of retaliation should raise this matter with their manager or a member of the Ethics and Compliance team.

What is the employment status of the subject of the Report? Are they an employee of the Company, a contractor, an employee of a joint venture or a third party? Where a Reporter identifies themselves as a contractor, the relevant Employee Relations Compliance specialist or another member of the People/HR function may be asked to support the Ethics and Compliance team to decide how the matter will be handled. The Reporter may also be encouraged to raise their concern with their employer. Where a Report relates to a joint venture, the matter may be referred to the joint venture.

In addition, where the Report raises a concern about the way in which an employee or other stakeholder has treated another employee or stakeholder and it is clear that the Reporter is not the victim of the behaviour, the Ethics and Compliance team will first look to establish whether the victim of the behaviour is aware that the Report has been raised. In this situation, it may be difficult to investigate the concern without the victim being aware of the Report and there is limited information which could be shared with the Reporter on the outcome of any investigation, due to data privacy restrictions.

2.1.7 **Subject of the Report:** What is the employment status of the Subject? Are they an employee of the Company, a contractor, an employee of a joint venture, a third party, or part of a customer or supplier organisation? Where a Report relates to the behaviour of a contractor, the matter may be referred to the contractor's employer. Where a Report relates to a joint venture, the matter may be referred to the joint venture.

2.1.8 **Other Legal Implications**: Are there any other local legal restrictions or potentially significant legal implications of the allegations which would mean that it may be necessary to consider conducting the investigation under legal privilege? If so, the Report will be referred to an appropriate representative of the Legal Function by a member of the Ethics and Compliance team. An area where caution should be exercised is with any alleged breaches of antitrust laws.

Where the Report is considered within the scope of these Procedures, the Ethics and Compliance team will respond to the Reporter acknowledging the Report and will log the Report in our Ethics Line case management system (if the Report was not raised via the Ethics Line). If the Report is deemed not to be within scope, the Ethics and Compliance team will confirm this to the Reporter and the Report will be closed.

3. Referral to Investigating Manager

The Ethics and Compliance team does not have a dedicated team of investigators for all Reports and, depending on the concern raised, may not be the most appropriate function to investigate a Report. In many cases, investigations are conducted by a relevant subject matter expert or independent managers supported by a member of the People/HR function (as required). The role of the Ethics and Compliance team is to have oversight of the investigations, ensuring that the investigation is thorough, addresses all the concerns raised and leads to appropriate action to address issues discovered.

Once a Report has been determined to require an investigation, the Ethics and Compliance team will refer the concern to an appropriate Investigating Manager to investigate. This will be a subject matter expert or a member of the People/HR function. The Investigating Manager should be independent and not implicated in the Report. Functions should not generally conduct investigations into individuals in their own function, except where a sufficiently independent investigator can be appointed.

All Reports will be made available for the relevant business Ethics and Compliance team to review for awareness.

Once an Investigating Manager has been appointed, the Ethics and Compliance team may provide their details to the Reporter in case the Reporter is willing to reach out to them to discuss the concerns further and to encourage direct dialogue. We appreciate that speaking up may have been a difficult decision for the Reporter and that they may have questions for the Ethics and Compliance team.

4. Investigation

4.1 What is required?

Investigating Managers are asked to consider each of the allegations and concerns raised in a Report to establish the key facts and determine whether each concern has been substantiated. This exercise is not a formal investigation under a HR process.

Where the Reporter is named, one of the first steps which an Investigating Manager may wish to take is to reach out to the Reporter, to make them aware that their concerns are being addressed and to make sure that the Investigating Manager fully understands the concerns which the Reporter has raised.

For all Reports raised via the Ethics Line (even if submitted anonymously), the Ethics and Compliance team can post questions to the Reporter, via the Ethics Line system. This does rely on the Reporter keeping a note of a unique code they are provided when making a report and logging back into the Ethics Line system regularly. Investigating Managers should consider whether they require any additional information from the Reporter and work with the Ethics and Compliance team to draft questions to post to the Reporter.

If, during the investigation, the Investigating Manager becomes aware of information which means that the Report should be investigated under a different Company process or procedure, they should stop and contact the Ethics and Compliance team to agree next steps.

The Company is committed to having an environment where employees can raise concerns and ask questions without fear of retaliation and retaliation against individuals who speak up in good faith is not accepted. If the Investigating Manager becomes aware that action is being taken against a

Reporter as a result of raising a concern, this should be notified to the Ethics and Compliance team as soon as is reasonably practicable.

4.2 When do we do this?

The Company is committed to dealing with concerns raised in a timely manner. Investigating Managers are expected to give investigations sufficient priority.

Concerns should be thoroughly investigated and concluded (by the submission of a written report to the Ethics and Compliance team as set out below) within **60 calendar days** from the date when the Report is made (the Ethics and Compliance team will confirm a target date when they send a copy of the Report to the Investigating Manager). This is a long stop date; often investigations can and should be concluded in a much shorter time period. Concerns relating to Bullying/Harassment are expected to be concluded within **30 calendar days.**

Sometimes Reports are complex and it can be a challenge to conclude the investigation within 60 calendar days. For these exceptional cases, the Investigating Manager must inform the Ethics and Compliance team as soon as it becomes clear that the above timescales will not be reached.

For HR-related concerns, a summary of all Reports that have not been concluded within 60 days is shared with the People Director for each business on a monthly basis. In addition, a dashboard of metrics relating to all such cases is shared with the People Leadership Team at the same time.

4.3 How do we do this?

The key facts which an Investigating Manager should look to establish are as follows together with examples of the types of questions to consider (it may be that some of this information has been provided by the Reporter):

4.3.1 **Who:** Who is involved and what is their role within the business and in the context of the Report? Did anyone witness the incident? Who can provide additional information relevant to the Report?

4.3.2 **What:** What action/steps were taken? What are the contributing factors which allowed the incident to happen? What facts will need to be validated?

4.3.3 **Where:** Where did the incident take place?

4.3.4 **When:** When did the incident take place?

4.3.5 **Why:** Why has this happened? What caused the incident? What is the root cause? Are there any mitigating factors?

4.3.6 **How:** How did this happen? Were there appropriate processes and/or controls in place? How would we stop this from happening again?

Investigating Managers will typically be able to establish the facts by speaking with people and gathering evidence. **The information which may arise during the fact find exercise may be sensitive and should be treated confidentially. It is important that Investigating Managers share details of a Report on a strictly 'need to know' basis. No-one should ever send information relating to a Report to an individual who is (or may share the Report with somebody who is) implicated in that Report or their peers unless there are good reasons to indicate that that is appropriate**. If in doubt the Investigating Manager or the holder of the information should check with the Ethics and Compliance team. Also, see the data privacy requirements set out below.

For some Reports, it may be necessary to consider using additional investigative tools, such as reviewing available CCTV or conducting email, social media or phone searches. Should an Investigating Manager deem it necessary to use additional tools, they should seek advice from the Ethics and Compliance team and/or the Corporate Security team or their local Data Privacy contact and make sure that formal approval is obtained prior to the use of the tools from the relevant Data Privacy team. Protection of an individual's rights is of the upmost importance and where relevant, Investigating Managers should also consider any relevant Works Council requirements and the provisions contained in applicable labour agreements as well as data privacy considerations before considering using any additional investigative tools. Typically, approval will only be provided by the relevant Data Privacy team if the Investigating Manager has exhausted all other available options and the review of personal data (via CCTV, email etc) is the only feasible option still available.

4.4 Why is this required?

The Company encourages employees and stakeholders to speak up if they witness or become aware of unethical behaviour and is committed to thoroughly investigating any concerns raised. When an employee or a stakeholder raises a concern, it is important that they feel that the matter is being taken seriously and that the Report is considered in a timely manner.

5. Reporting, Root Cause, Report Closure and Record Keeping

During the investigation, the Investigating Manager is expected keep the Ethics and Compliance team updated on progress. For those Investigating Managers with access to the Ethics Line case management system, updates should be added directly to the Report in the 'Case Notes' section ensuring that any supporting documentation is uploaded. For those Investigating Managers without access to the Ethics Line system, updates should be provided to the Ethics and Compliance team.

If appropriate and regular updates are not provided, the matter may be escalated to the Investigating Manager's line manager/the Group Head of Ethics and Compliance and, if necessary further, within the Investigating Manager's area of the business.

Following completion of the investigation, the Investigating Manager must prepare a Fact-Find Report summarising the investigation and their findings. The format and level of detail required to complete a Fact-Find Report will be considered by the Ethics & Compliance team on a case by case basis. For those cases where a more formal approach and a greater level of detail is required, a template can be provided by the Ethics and Compliance team. To the extent possible, the Fact-Find Report should be prepared on an anonymised basis (for example, use terms such as ‘the reporter’; ‘the subject’ or ‘subject x and subject y etc’ if more than one; ‘the manager of the subject’).

In addition, for ABC & Bullying/Harassment reports which have been partially or fully substantiated, the Investigating Manager must complete a root cause worksheet. Further guidance on how to complete the root cause worksheet is included within the worksheet. In summary, by answering a series of questions, the worksheet will help the Investigating Manager to identify root causes and any required follow up actions/recommendations.

The draft Fact-Find Report and root cause worksheet (where required) should be submitted to the Ethics and Compliance team together with any relevant supporting documentation. The Ethics and Compliance team will review the draft Fact-Find Report and root cause worksheet to ensure all of the concerns raised have been appropriately addressed. Fact-Find Reports and root cause worksheets which lack full details of the steps taken, the Investigating Manager’s findings and/or appropriate recommendations, may be challenged by the Ethics and Compliance team and not accepted. For people-related Reports, the Ethics and Compliance team may also consult with the Global Employee Relations Compliance Specialist and/or another member of the People/HR function.

Once the Ethics and Compliance team is satisfied with the Fact-Find Report and root cause worksheet (where required), the Ethics and Compliance team will take the following steps to close the Report:

- Update Ethics Line system to confirm (i) whether the concerns raised have been substantiated (either partially or fully) or unsubstantiated, (ii) what action has been taken and (iii) record any follow up actions or recommendations which require tracking.

- Post a closing comment to the Reporter confirming that the Report has been investigated and the outcome (to the extent that this is possible). Due to the confidential nature of Ethics Line/Ethics and Compliance investigations, it is not usually possible to share full details of the investigation and outcome with a Reporter. The Reporter will be given a period of at least four weeks to post follow up comments and/or questions via the Ethics Line.

- Formally close the Report.

The Ethics and Compliance team will not close a Report until it has received a Fact-Find Report which it is satisfied covers all of the concerns raised.

If the investigation has resulted in the Investigating Manager making recommendations (for example, identifying a need for training or for a process to be reviewed), the Investigating Manager should identify appropriate owners for these actions with support from the Ethics and Compliance team (where required).

Following the closure of the Report, those involved are encouraged to reflect on how the Report was handled and provide the Ethics and Compliance team with any feedback on the process and/or 'lessons learnt', to ensure continuous improvement.

6. Data Privacy and Data retention

Conducting a fact-find exercise involves the collection, processing and retention of personal data. This must be treated in accordance with applicable privacy legislation and the Global Data Privacy Policy and other locally applicable data privacy policies. In particular, any personal data that is collected and recorded must be accurate, up-to-date, not excessive, not retained for longer than necessary and kept securely. If any individual requests access to the personal data the Company holds on them they are entitled to see it (unless an exemption applies), and the Company has a process for actioning such requests via the relevant Data Privacy team.

When conducting the fact-find investigation, the Investigating Manager should confirm to anyone whom they speak to that the Company has data privacy responsibilities which it takes seriously, explain that details of the discussion will be shared with members of the People Partner/HR function and the Ethics and Compliance team and direct them to the relevant Data Privacy intranet pages for further information.

Further information and guidance on handling personal data can be found on the Global Data Privacy intranet pages and via contacting data.privacy@rolls-royce.com.

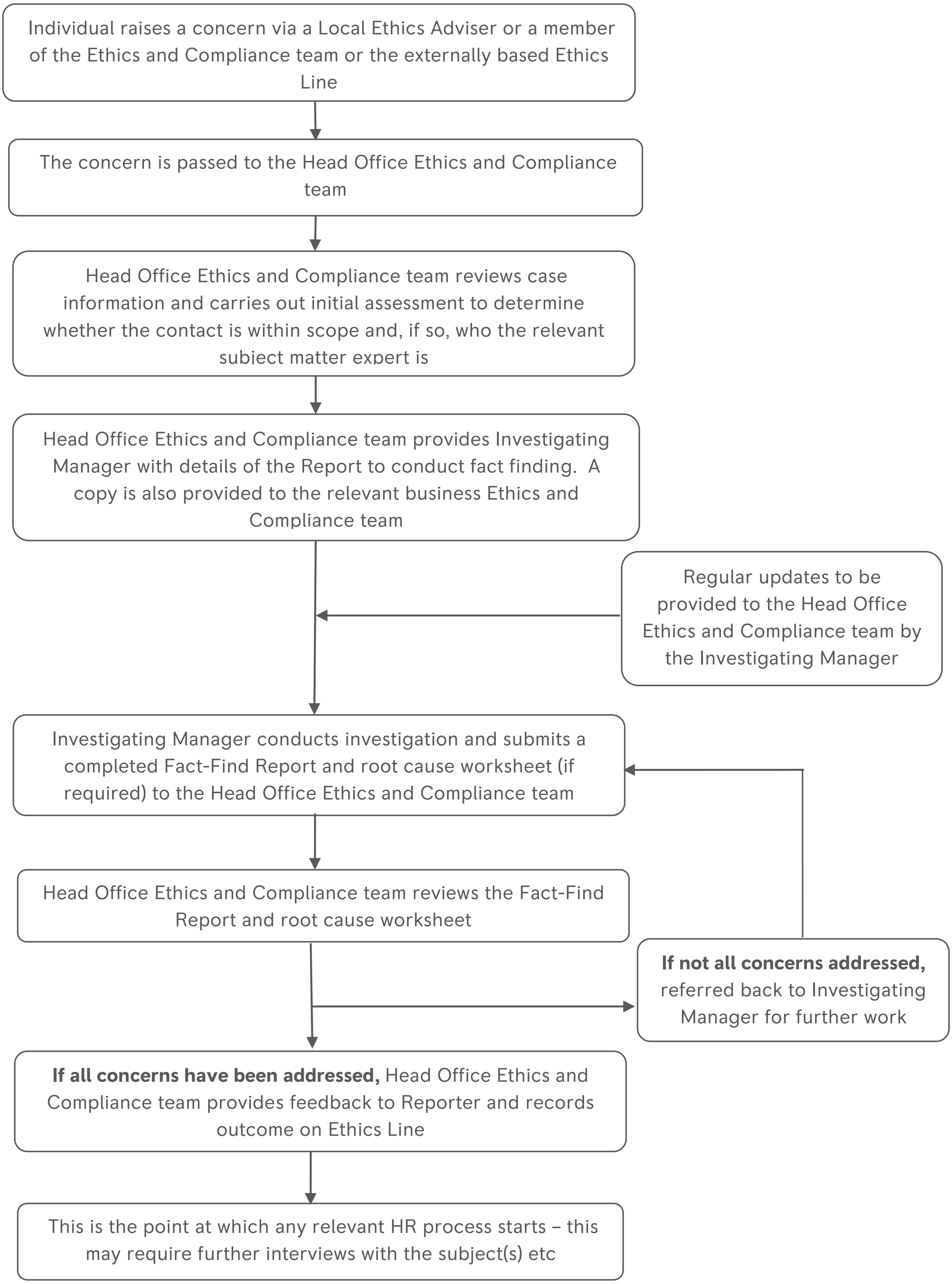
Managing and Responding to Questions raised via the Ethics Line

7. Ethics and Compliance Review and Respond

When a question is received via the Ethics Line, the Ethics and Compliance team will consider the question which has been raised and, provided that the question relates to a principle contained in the Our Code or ethical behaviour related to the Company, the Ethics and Compliance team will look to respond in a timely manner. The Ethics and Compliance team **aims to provide a response within 14 calendar days**.

Depending on the nature of the question, it may be necessary for the Ethics and Compliance team to reach out to a subject matter expert to respond.

Appendix 1 – Process Flow Chart



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SCOPE	All employees globally, subsidiaries and JVs