



# 2017 Anti-Slavery and Human Trafficking Statement

Rolls-Royce is one of the world's leading industrial technology companies, focused on world-class power and propulsion systems. We pioneer cutting-edge technologies that deliver the cleanest, safest and most competitive solutions to meet our planet's vital power needs.

Our products are used primarily in aerospace, marine, energy and off-highway applications. In total we have more than 50,000 employees worldwide across 50 countries, and customers in more than 150 countries. We rely on a global supply chain to design, develop and manufacture our product portfolio and support our own operations and facilities and services network. We work directly with suppliers from more than 70 countries.

We are committed to maintaining the highest ethical standards, and to maintaining and improving global policies and processes to avoid any potential complicity in human rights violations related to our operations or supply chain.

Further details of our organisation can be found in our Annual Report and at [www.rolls-royce.com](http://www.rolls-royce.com).

## Exposure to slavery and human trafficking

We have considered the exposure of the Rolls-Royce Group to slavery and human trafficking risk, taking in to account:

- Limited direct and supply chain operations in countries with a high prevalence of modern slavery, informed by third-party external sources including the Global Slavery Index;
- Highly-skilled nature of the activities and roles undertaken across the Group, and the skill set and qualifications required to perform these activities, reducing our exposure to temporary or low-skilled agency employment;
- The application of our group policies and processes, including procurement and recruitment processes;
- Assessment of concerns or incidents logged through our "Speak Up" channels.

As a result of the factors above we consider the risk of slavery or human trafficking occurring within our direct employee population, business operations and tier one supply chain to be low.

## Our principles related to slavery and human trafficking

Our commitment to human rights, including our position on forced labour, involuntary labour, child labour, and human trafficking, is outlined in our Global Code of Conduct, Global Supplier Code of Conduct and Global Human Rights policy.

Our principles related to human rights include:

- We are committed to protecting and preserving the rights of our employees, those employed in our supply chain, and those affected by our operations;
- We believe that all employment should be freely chosen and commit to refrain from any form of forced or involuntary labour;
- We are opposed to the use of any form of child labour or practices that inhibit the development of children.

These principles are embedded through a comprehensive suite of group policies.

## Our policies related to slavery and human trafficking

Our Global Code of Conduct (the Code) underpins all our company activity. It applies to all employees of Rolls-Royce, our subsidiaries and controlled joint ventures, wherever they are located. The Code establishes the minimum standards of behaviour that all Rolls-Royce employees are expected to value and adhere to. We are currently undertaking a review of our Code and expect to publish a revised Code during 2018. This will more clearly set out our principles and expectations of employees.

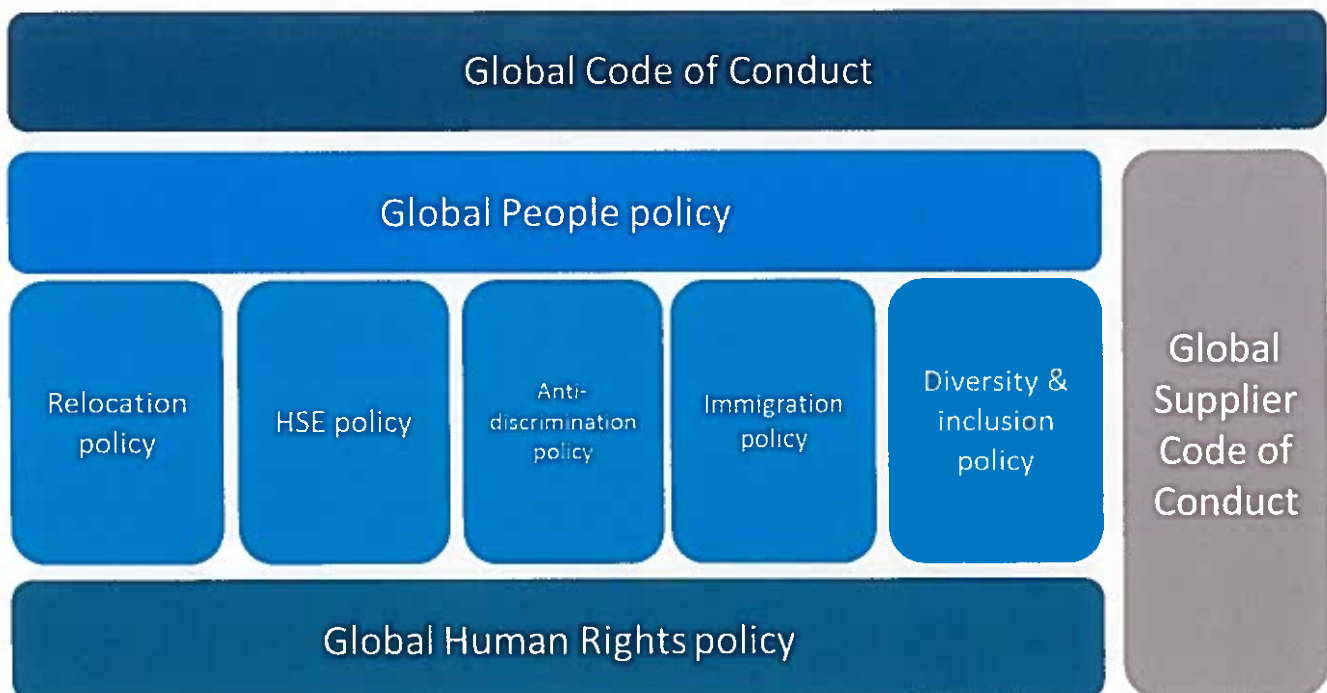
Our Global Human Rights policy underpins our Global Code of Conduct and sets out our commitment to respect the human rights of our employees and those working on our behalf through core labour standards. During 2017, we reviewed our Global Human Rights policy and published a updated version in March 2017. In this revision we have reviewed our principles related to human rights, making these more clear and pertinent.

The policy brings together existing policies pertinent to human rights, referencing our Anti-discrimination policy; Health, Safety and Environment (HSE) policy; Diversity and Inclusion policies; Immigration policy; and Relocation policy. It sets out practical guidance for the implementation of processes and due diligence against each of our principles, and highlights relevant related policies.

We extend our standards into our external supply chain through our Global Supplier Code of Conduct. This sets out the behaviours, practices and standards we expect all suppliers to demonstrate and comply with, including a requirement to cascade these practices through the supply chain. Adherence is mandated through our General Conditions of Purchase and contractual terms. During 2018 we will review our Global Supplier Code of Conduct in line with the review of the company Global Code of Conduct.

We work in partnership with customers and competitors from the Aerospace and Defence industry to seek to share and implement best practice ethical business practices. We are a steering member of the International Forum on Business Ethical Conduct for the Aerospace and Defence Industry (IFBEC) and a member of the UK Aerospace, Defence, Security and Space (ADS) Human Rights working group. We monitor our position on external charters, such as the United Nations Global Compact, on a regular basis, and review and align our policies and processes accordingly.

Our policies can be accessed and downloaded at [www.rolls-royce.com](http://www.rolls-royce.com).



*Our human rights policy framework*

## Managing modern slavery risk in our supply chain

We are committed to maintaining the highest ethical standards across our supply chain. Our Global Supplier Code of Conduct (Supplier Code) is the foundation of our approach.

It states "All suppliers must comply with applicable international and national laws and standards in relation to labour practices and human rights, including slavery and human trafficking legislation".

Adherence with our Global Supplier Code of Conduct is mandated for all suppliers through our General Conditions of Purchase and contractual terms. This is in addition to all applicable laws and regulations in the country or countries where our suppliers operate. In the event that our Supplier Code sets out a higher requirement than local regulation, suppliers are expected to adhere to that higher requirement.

We introduced contractual commitment to our Supplier Code in 2015. At the end of 2017, all suppliers have agreed adherence to our Supplier Code, or an equivalent and mutually agreed alternative.

We continually communicate this commitment to our suppliers through our Global Supplier Forums, Global Supplier Portal ([www.suppliers.rolls-royce.com](http://www.suppliers.rolls-royce.com)) and supplier management and review processes. We also review and consider potential new suppliers' ability to adhere to our Supplier Code as part of our supplier selection and on-boarding processes, prior to entering contractual negotiations.

In addition, new and existing suppliers, as well as customers, joint venture partners and other third-parties, are subject to screening assessments through the Dow Jones Risk and Compliance Platform on sanctions, watch-lists and adverse media reports.

Prioritised suppliers are required to complete a self-assessment questionnaire on their compliance with our Supplier Code. Suppliers are prioritised for assessment based on three factors; their strategic significance to Rolls-Royce; the nature of the services they are contracted to provide (i.e. international logistics providers); and/ or, their geographical location. Countries have been identified as potentially higher risk using externally published sources, including:

- Corruption Perceptions Index, Transparency International
- Global Competitiveness Index, World Economic Forum
- Global Slavery Index, Hope for Children Organisation

This self-assessment questionnaire reviews how suppliers are applying and adhering to the content of our Supplier Code, including questions on human rights policy and procedures, as well as labour practices and HSE. The outputs from these assessments are fed into our overall supplier management process and supplier risk profiles. To date, 67% of our prioritised suppliers have completed this self-assessment.

If a supplier's practices are found unsatisfactory or non-conformant to our Supplier Code, we address these issues on a case-by-case basis, seeking advice from subject matter experts and legal counsel where appropriate.

We have not experienced any significant breaches of the Supplier Code related to modern slavery to date.

We are committed to working with suppliers to ensure they have appropriate ethical and responsible policies and practices in place and support them in closing any gaps these self-assessments may identify.

In the event of significant non-conformance we retain the right to terminate any contractual agreement with the supplier with immediate effect.

## **Managing modern slavery risk in our business operations and activities**

The management of human rights risk and impact in our business operations is embedded into existing management systems and processes.

Our management teams are responsible for ensuring compliance with local laws and regulations. Our functional teams work with the business leaders to ensure compliance with this policy.

All employees receive regular communications and training on ethical behaviours. All employees must read, understand and comply with our Global Code of Conduct, and complete mandatory training. We provide additional training on the standards and principles referred to in our Global Human Rights policy. In particular we support awareness training with groups that have direct oversight into human rights related concerns, for example Human Resources and Procurement functions.

We encourage the raising of questions and concerns related to ethical business practices and provide a range of channels for raising questions or concerns, anonymously if desired. This includes an externally hosted Ethics Line service, which is available to all employees, customers, suppliers or external stakeholders 24/7. Concerns raised are reviewed by subject matter experts within the Group; we also seek external counsel when required. To date no concerns have been raised related to modern slavery or human trafficking.

Our processes were recently tested when we received allegations of slavery at an overseas agency. We treat all such allegations very seriously and undertook a thorough investigation. Our investigation showed no evidence of the alleged conduct. Nevertheless, we will keep that agency under review.

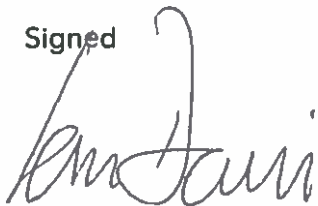
In the event that this or any future investigation identifies confirmed or potential victims of modern slavery we will work to the best interests and protection of these individuals or groups.

### **Declaration**

This statement has been made in accordance with the reporting requirements of Clause 54, Part 6 of the UK Modern Slavery Act and the California Transparency in Supply Chains Act of 2010 (SB 657), for the year ending 31 December 2017. This statement applies to all parts of the Rolls-Royce Group.

This statement was approved at the Board meeting on 27 February 2018, and has been signed by the Chairman, on behalf of the Board of Directors.

Signed



Ian Davis

Chairman of the Board

Rolls-Royce plc

27 February 2018