



Anti-slavery and human trafficking statement 2022

Rolls-Royce is a broad-based power and propulsion provider, operating in some of the most complex, critical systems at the heart of global society. We provide power that is central to the successful functioning of the modern world.

We are committed to maintaining the highest ethical standards and work hard to create an environment where everyone at Rolls-Royce and everyone we work with across our wider value chain can be at their best. This includes upholding global policies and processes to avoid any potential complicity in human rights violations, including instances of modern slavery and human trafficking, related to our operations or supply chain.

Further details of our organisation and approach to human rights can be found in our Annual Report and at rolls-royce.com/sustainability.

Business structure, business model and supply chain

Rolls-Royce is a world-leading manufacturer of gas turbine and reciprocating engines for use in aerospace, defence, marine, energy and off-highway applications. Our revenue is primarily generated through the sale of highly complex original equipment supported by long term service agreements.

Registered in London, UK, we have production and office locations in more than fifty countries globally; with our largest sites in the UK and Germany; North America; and, Singapore. In total we have 41,800 employees worldwide, just under half of whom are based in the UK. The nature of the products and services we provide means we have long lead product development cycles and long production lead times, and our workforce is typically highly skilled and in permanent employment. We do not typically employ seasonal or temporary resource, nor agency labour.

We rely on a global supply chain to design, develop and manufacture components of our product portfolios and to provide raw material for our own production activities, as well as to support our own operations and facilities and services network. We work directly with suppliers from more than 70 countries, primarily specialist engineering and manufacturing organisations, as well as service providers such as digital and communications agencies, business service support agencies, legal counsel and management consultancies.

The Group operates as three core revenue-generating business units, Civil Aerospace, Power Systems and Defence, as well as a reporting business unit, New Markets, that comprises our emerging business activities including electrical propulsion and new nuclear. These business units are supported by a head office, innovation hub and global business services (GBS) organisation. The head office has responsibility for setting Group strategy, policy and governance, including those relating to human rights.

The Board has ultimate accountability for managing modern slavery risk. The Safety, Ethics & Sustainability Committee, as a sub-committee of the Board, receives regular updates on our sustainability and ethics and compliance programmes from internal experts including the General Counsel, head of ethics & compliance, director of risk &

internal audit, and head of sustainability. A human rights steering group, sponsored by the General Counsel, comprises representatives from our ethics, sustainability, procurement and human resources teams and has delegated responsibility for transactional management. This is supported by additional business and legal entity level forums where required.

We engage with our people and their elected employee representatives, where appropriate, through consultive bodies such as European and National Works Councils and other formal and informal means in line with local best practice and legal frameworks.

Progress in 2022

During 2022, we established a human rights programme to strengthen our due diligence activities in the value chain. The programme is overseen by the human rights steering group. Activities delivered during 2022 included updating our Human Rights policy and working with an external specialist to complete a human rights saliency assessment drawing from international standards, stakeholder consultations, and country and sector risk indices.

We carried out an evaluation of our human rights approach in our own operations and continue to improve our programme based on the outputs of that review. Specific human rights leads were appointed at Group and business level, as well as in specific legal entities where required by law, to drive implementation of the programme.

We have continued to conduct sustainability assessments with tier one suppliers, and also launched a supplier working group to share sustainability challenges and best practices. At the end of 2022 more than half our tier one suppliers by spend had completed a sustainability assessment via the EcoVadis platform. We are now working to ensure timely and appropriate resolution of any unsatisfactory responses, including those relating to the human rights.

Exposure to modern slavery and human trafficking risk

Our approach to identifying and assessing modern slavery risk is embedded within our broader enterprise risk management approach; for more information see our Annual Report. Risks are identified by individuals across all businesses and functions and at many layers of the organisation. Compliance is considered a principal risk at a Group-level; this risk is subject to regular review by the Safety, Ethics & Sustainability Committee.

We have considered in detail the exposure of the Group to modern slavery and human trafficking risk, taking into account the nature of our business activities; the application of Group policies, particularly procurement and recruitment practices; and the markets and geographies we operate in. In 2022, we supplemented these activities with a specific human rights saliency assessment with the support of a specialist human rights consultancy. Taking a risk based approach, and aligning to the methodology advised by the United Nations Guiding Principles on Business and Human Rights, we identified the human rights issues we are most exposed to along our value chain.



Overall, we consider the Group's exposure to modern slavery and human trafficking risk to be low and concentrated in our deeper supply chain, most notably in relation to the supply of raw materials such as those recognised as 'conflict minerals'.

Our principles related to modern slavery and human trafficking

Our global governance framework sets out how we govern our business, manage risk and opportunity, reward appropriately and maintain consistent operating standards across the Group. Human rights, including modern slavery and human trafficking, is embedded within that.

Our commitment to human rights, including our position on forced labour, involuntary labour, child labour, and human trafficking, is outlined in our Code of Conduct, Supplier Code of Conduct and associated 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 are committed to acting in a socially responsible manner, complying with applicable laws, and respecting the communities where we operate;
- We believe that all employment should be freely chosen and commit to refrain from any form of forced or involuntary labour or human trafficking;
- We are opposed to the use of any form of child labour or practices that inhibit the development of children;
- We are alert to the risks vulnerable people may face and seek to ensure that this group is free from discrimination and exploitation, and;
- We will only work with suppliers whose core values and commitment to ethical business conduct matches our own and require that their conduct always meets our standards including signing up to our Global Supplier Code of Conduct.

These principles are cemented through a comprehensive suite of Group policies as outlined in our Group Policy Manual. This can be accessed on our website.

We work in partnership with customers and competitors from the Aerospace & Defence industry and beyond 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); a member of the UK Aerospace, Defence, Security and Space (ADS) Human Rights working group; and co-chair of the Bingham Centre's Business Network (British Institute of International & Comparative Law). We monitor our position on external charters and signatories on a regular basis, and review and align our policies and processes accordingly. We routinely benchmarking our approach, both formally and informally, to help inform our programme.

Our policies related to modern slavery and human trafficking

Our policies cover our commitment to ensure human rights standards are met globally and help make sure our suppliers uphold similar standards. We seek to take relevant legislation and the views of internal and external stakeholders into account in the



development of any Group level policy. Any proposed new Group policy or revisions to an existing policy is subject to review and approval by the Chief Governance officer, General Counsel, and where relevant the Board of Directors, as well as subject to review by elected employee representatives.

Modern slavery and human trafficking is embedded within a series of policies, including our Human Rights policy; we do not have a standalone specific modern slavery policy.

Our Code of Conduct (the Code) underpins all that we do as a company by setting out our principles and how they apply to our business activities. It applies to all employees, our subsidiaries and controlled joint ventures, wherever they are located. We encourage our non-controlled joint ventures to adopt the principles of our Code and will only work with partners who demonstrate the same commitment to high standards of ethical conduct.

Our Code is supported by our Group policies, which are brought together in our Group Policy Manual. Our Human Rights policy sits within this and sets out our commitment to respect the human rights of our employees and those working on our behalf through core labour standards. The policy draws from broader people-related policies, including our Anti-discrimination policy; Health, Safety and Environment (HSE) policy; Diversity and Inclusion policy; Immigration policy; and Relocation policy.

All employees are required to adhere to our Code and Group policies, in addition to any specific local requirements. Our all-employee performance management processes include an assessment of how individuals embody our company values, behaviours and ethical conduct.

We extend our sustainability expectations and ethical principles to our suppliers and partners through our Global Supplier Code of Conduct (Supplier Code). In order to do business together, we expect all suppliers to be ethical, responsible and to fully comply with all applicable laws and regulations. Our Supplier Code sets out the behaviours, practices and standards we expect our suppliers to demonstrate and comply with, all of which are based on our own Rolls-Royce Code, policies and standards.

In 2022, we updated our Global Supplier Code of Conduct to enhance alignment to the principles in Our Code and communicated these changes appropriately with our suppliers. All suppliers are contractually required to adhere to this or a mutually agreed alternative.

Our policies are made available to employees in English and our core business languages. These can be accessed externally through our Company website, Our Code and Group policies dedicated microsite and supporting mobile application, and internally through our employee intranet. Some specific elements of our Group policies, such as individual contact details or internal references, may be redacted from the externally published versions, primarily for security and privacy concerns. Our policies and business conduct expectations are a core part of our employee on-boarding and induction experience, as well as employee learning and development activities.

Our Supplier Code is publicly available in multiple languages to support our global supply chain, it is published on our company website as well as our dedicated supplier management and communication portals, including invoicing channels.



Mitigating modern slavery risk in our supply chain

Our Supplier Code is the foundation of our approach to managing modern slavery risk within our supply chain. It states that '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'.

In addition, our Supplier Code contains requirements related to the responsible procurement of raw materials, an area we recognise as being at higher exposure of human rights risk. This requests suppliers to provide us with products and materials, including constituent minerals, that are sourced responsibly and verified as 'conflict free' in accordance with OECD guidelines.

Adherence with our Supplier Code is mandated for all suppliers through our General Conditions of Purchase and precedent 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 require our direct suppliers to disseminate these requirements throughout their own supply chain.

We 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.

If a supplier's practices are found unsatisfactory or non-conformant to our Supplier Code, the issue is investigated and escalated appropriately. 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. In the event of significant non-conformance, we retain the right to terminate any contractual agreement with immediate effect.

We perform regular risk analysis to identify, prevent, mitigate and if required, remediate human rights risks, including modern slavery risk in our supply chain. In the event that a risk or violation is identified in our own operations or supply chain, the risk or violation is weighted and prioritised and appropriate steps taken to mitigate the risk or address the violation. Our risk analysis process has five key steps, beginning with a categorisation of our suppliers and all main production and purchasing locations into three different risk-categories according to the risk level (high, medium, low), using an expert sustainability platform provider, EcoVadis, to enable prioritisation. The categorisation is influenced by the risk level in countries where these companies operate, as expressed by recognised indices including modern slavery and human trafficking indices. Additional steps include external screening services and internal checks on contracts, certifications of the subsidiary or supplier, or specific examinations based on questionnaires. If necessary, we will perform in-depth evaluation of the situation locally and on the sites of subsidiaries or suppliers.

There have been no known instances of modern slavery occurring in our supply chain identified during 2022. In the event that 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.



Mitigating 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 mandated training on ethical behaviours; we track completion of this training as part of our all employee performance metrics. Where appropriate, we provide additional training on the standards and principles referred to in our Human Rights policy. In particular we support awareness training with groups that have direct oversight into human rights related concerns.

We encourage the raising of questions and concerns related to ethical business practices and provide a range of channels for employees or any other persons to do so, anonymously if desired. This includes an externally hosted Speak Up 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 and by the Safety, Ethics & Sustainability Committee; we also seek external counsel where required. During 2022 no concerns were raised related to modern slavery or human trafficking via the Speak Up Line or any other channel.

In the event that 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 2015 for the year ending 31 December 2022. This statement applies to all parts of the Rolls-Royce Group, including subsidiaries and controlled joint ventures; a full list of entities can be found on [rolls-royce.com](https://www.rolls-royce.com). The subsidiaries that are also required to comply with the reporting requirements of Clause 54, Part 6 are listed overleaf.

This statement was approved at the Board meeting on 10 May 2023 and has been signed by the Chair, on behalf of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Anita Frew'.

Dame Anita Frew
Chair of the Board
Rolls-Royce Holdings plc



Subsidiary:

Rolls-Royce plc
Rolls-Royce Leasing Limited
Rolls-Royce Power Engineering Limited
Rolls-Royce Submarines Limited
Rolls-Royce Solutions UK Limited

Date of Approval