



Modern Slavery Statement 2023

At the forefront of innovation, Rolls-Royce sets the standard for engineering excellence, providing mission critical products and services to customers across the globe.

We are committed to conducting business with integrity and creating a working environment where everyone can be at their best. This includes upholding global policies and processes to avoid any potential complicity in all forms of modern slavery, including forced labour, human trafficking, and child labour, 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, activities and supply chains

Rolls-Royce plc develops and delivers complex power and propulsion solutions for safety-critical applications in the air, at sea and on land in three core divisions and in New Markets:

- Civil Aerospace: We design, develop, manufacture and support high performance gas turbines for commercial aviation. We pioneered the industry's adoption of long-term service agreements, a model that aligns our interests with those of our customers and rewards us for improving reliability, availability and reducing costs. We provide value to airlines through data driven insights and we set the standard for customer service in business aviation.
- Power Systems: We design develop, manufacture and support high-performance reciprocating engines and broader system solutions for use at sea and on land. We invent once and use many times, developing products and product families that can be used in different applications across multiple markets, delivering proven solutions for our customers and maximising the returns on investment to us.
- Defence: We design, develop, manufacture and support high performance aero and naval gas turbines and nuclear power and propulsion systems. We turn technology into differentiated products that provide customers with unique capabilities and stay in-service for decades.
- New Markets are early-stage businesses. They leverage our existing, in-depth engineering expertise and capabilities to develop sustainable products for new markets, focused on the transition to net zero.

These divisions are supported by a head office, technology and global business services (GBS) organisation. The head office has responsibility for setting Group strategy, policy and governance, including those relating to human rights and modern slavery. 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 48 countries globally; with our largest sites in the UK; Germany; US & Canada. In total we have 41,400 employees worldwide, 20 900 based in the UK and 691 in based in Canada.

Business activities in Canada of our Group companies are described in more detail in the end of the statement.

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 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. Detailed supply chain activities in Canada of our Group companies are described in more detail in the end of the statement.

The Board has ultimate accountability for managing risk of forced labour and child labour. The Nominations, Culture & Governance 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, Chief Counsel of Ethics, Compliance & People, 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.

Steps to prevent and reduce risks of modern slavery in 2023

Rolls-Royce plc has put in place and maintains a human rights and environmental risk management framework to ensure we respect human and environmental rights including all forms of modern slavery in our operations and supply chain. We continuously take steps to improve and evolve our approach. This risk management framework includes the Rolls-Royce Group as a whole and implementation is delegated to individual businesses.



Our risk management framework includes:

- Due diligence policies and processes for identifying, addressing and prohibiting the use of modern slavery including forced labour and child labour in our activities and supply chains
- Implementation of our Code of Conduct, Supplier Code of Conduct and associated Human Rights policy.
- Processes, methods, and tools to regularly conduct a risk analysis and mapping of our own operations and of our suppliers
- A complaint mechanism for internal and external stakeholders to raise any concerns they may have about human rights or environmental issues
- Preventive measures to minimise and mitigate modern slavery related risks
- Processes and guidelines for specific corrective and remedial measures
- A governance structure to ensure accountability and processes for documentation and reporting

This risk management framework is embedded into the broader human rights governance framework at Rolls-Royce plc.

Our principles related to modern slavery

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 (the Code), Global and associated Human Rights policy. Supplier Code of Conduct (Supplier Code) 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 Supplier Code.

These principles are cemented through a comprehensive suite of Group policies embedded in digital Our Code of Conduct (<https://ourcode.rolls-royce.com>).



We work in partnership with customers and competitors in our industry and beyond to seek to share and implement best practice ethical business practices. We are Steering Committee members of the International Forum on Business Ethical Conduct for the Aerospace and Defence Industry (IFBEC); the ADS Business Ethics Network; the Institute of Business Ethics; members of the Airbus Sustainability Council; 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 and due diligence processes related to modern slavery

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. Our approach to managing risks related to modern slavery including forced labour, child labour and human trafficking, is embedded within that.

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 General Counsel, and where relevant the Board of Directors, as well as subject to review by elected employee representatives.

Our approach to addressing all forms of modern slavery is embedded within a series of policies, including our Human Rights policy.

Our 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 embedded in Our Code (<https://ourcode.rolls-royce.com>). 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 Dignity and Respect policy; Health, Safety and Environment (HSE) policy; Diversity and Inclusion policy. Additionally, an internal immigration policy; and relocation policy is applied in certain entities.



All employees are required to adhere to our Code and Group policies, in addition to any specific local requirements. Our 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 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. Selected 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 Code and Group policies dedicated microsite (<https://ourcode.rolls-royce.com>) 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 or privacy reasons. 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.

Identifying, assessing, mitigating modern slavery in our activities and business operations

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 our Group policies

All employees receive regular communications on ethical behaviours. Aligned with Our Code and our Group policy framework, we also deliver an annual Group-wide mandatory learning programme centred on our values and behaviours and our safety, security, and legal obligations. 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 for example mental health training for leaders.



We strive to create an environment where everyone feels valued and actively encouraged to speak up about questions or concerns without fear of negative consequences. This is a vital part of enhancing our culture of inclusion and belonging. Everyone can use our speak up channels, whether or not they are an employee. We provide multiple ways to raise a concern, including the Rolls-Royce speak up line which enables concerns to be raised anonymously and confidentially in multiple languages. A speak up report highlighting key statistics is made available to employees at regular intervals to remind them of the importance of speaking up and our annual speak up report video is published on our website. Concerns raised are reviewed by subject matter experts within the compliance function with board level oversight provided by the Nominations, Culture & Governance Committee; we also seek external counsel where required.

During 2023 no concerns were raised related to modern slavery, forced labour child labour 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 and apply remediation which mitigate the impact on the most vulnerable people.

Identifying, assessing, mitigating modern slavery in our supply chain

Our Supplier Code is the foundation of our approach to managing modern slavery risk within our supply chain. Related principles include:

- "Child Labour: Suppliers must not employ anyone under the age of 15 years or, where it is higher, according to the applicable law, the mandatory national school leaving age."
- "Modern Slavery & Forced Labour: Suppliers must never use or support practices that inhibit the development of children in accordance with applicable ILO conventions. We believe that all employment should be freely chosen."

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 selected 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. Our Supplier Code requires our direct suppliers to disseminate these requirements throughout their own supply chain.

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. 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 multiple steps, beginning with a categorisation of our suppliers and all main production and purchasing locations into different risk-categories according to the risk level (high, medium, low). For certain entities, this prioritisation is performed using an expert sustainability platform provider, EcoVadis. 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.

In 2023, there were no instances of modern slavery linked to Rolls-Royce products or services in our supply chain. In the event that an instance of modern slavery is identified and corrective or remedial measures are required, we will work with our suppliers to consider their appropriateness in light of the best interests and protection of these individuals or groups.

Modern slavery risk exposure

We have considered the exposure of the Group to modern slavery 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. Taking guidance from the United Nations Guiding Principles on Business and Human Rights, we have carried out a specific human rights saliency assessment with the support of a specialist human rights consultancy. Overall, we consider the Group's exposure to modern slavery risk is concentrated in our deeper supply chain, most notably in relation to the supply of raw materials such as those recognised as 'conflict minerals'. Furthermore, all active tier one suppliers are risk rated using recognised commodity and country risk indices including the Global Slavery index. Suppliers which operate in countries or sectors which are of higher risk are requested to complete a comprehensive assessment of their sustainability risk management. Where risks are identified, suppliers are asked to put in place improvement plans and offered support and resources to help with this via our third party partner.



Attestation Statement

This statement has been made for the year ending 31 December 2023 in accordance with the reporting requirements of

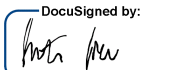
1. Section 11 of the Fighting Against Forced Labour and Child Labour in Canadian Supply Chains Act 2023 and;
2. Clause 54, Part 6 of the UK Modern Slavery Act 2015

This is a joint statement which 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 the Acts are listed overleaf.

Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Acts, for the reporting year listed above.

This statement was approved at the Board meeting on 22 May 2024 and has been signed by the Chair on behalf of the Board of Directors.

Signed

DocuSigned by:

E8D7C6F17A0D4CA...
Anita Frew

Chair of the Board

Rolls-Royce Holdings plc



Subsidiaries within scope of the Forced Labour and Child Labour in Canadian Supply Chains Act:

- **Rolls-Royce Canada Limited** (“RRC”) is the only legal entity within Rolls-Royce plc which has a place of business in Canada, however it is not listed on the stock exchange in Canada. RRC, located in Lachine (Quebec), is the Business Aviation Center of Excellence for MRO, providing services to the Civil Aerospace Division of Rolls-Royce plc. Its supply chain mainly operates in the United States, Germany, UK, France, Australia and Canada. RRC repairs a significant number of private corporate business jet engines every year and Commercial aircraft parts for other Rolls-Royce plc authorized entities located in the USA, in Western Europe and in Asia. RRC purchase repair services, engine parts, logistics services and employment recruitment services for placement services. In addition, RRC performs Development Testing activities, to test and build development engines in support of New Product Introduction programs for certification or demonstrate the Technical Readiness Level of new technologies; this includes the design, manufacture and procurement of Special to Project Test Equipment and Special to Project Measurement Equipment. RRC also has a Naval handling business division located in Peterborough (Ontario) that provides customers with state-of-the-art technology and capabilities, including end-to-end design, engineering, assembly, and testing to ensure that navies are equipped with the most cutting-edge naval and handling solutions. The Peterborough site supports Defence customers in Australia, Canada, Israel, Japan, Korea, Netherlands, Singapore, Taiwan, Turkey, United Kingdom and the United States. Most of its supply chain is located in Canada, limited materials (some electronics, pumps and motors) are imported for assembly or consumption.
- **Rolls-Royce Solutions America Inc.** (a corporation organised under the laws of the State of Delaware USA) is registered to do business in the Provinces of British Columbia and Quebec as a foreign entity but is not incorporated in Canada. The entity provides on-site repair and maintenance services for diesel powered generator sets, and energy storage systems, under long term service contracts. The services are performed by contractors which are not Rolls-Royce employees, but are engaged by Rolls-Royce to provide on-site, or on-demand, services at the third-party premises. As part of the service contracts, the entity is obligated to keep an inventory of repair components at the third-party site in order to facilitate maintenance and repair. The entity imports and retains ownership of the repair components until they are used as part of the services. The entity also sells loose engines, generator sets, and spare parts in Canada through Canadian based distributors. The Distributors are generally the importers of record for the goods entering Canada.
- **Rolls-Royce Corporation**, incorporated in the US, exports aircraft and naval parts from the US to Canada in addition to providing long term service aftermarket support to operators based in Canada.



- **Rolls-Royce Marine North America Inc.**, incorporated in the US, exports aircraft and naval parts from the US to Canada in addition to providing long term service aftermarket support to operators based in Canada.
- **Rolls-Royce Deutschland Ltd & Co KG**, incorporated in Germany, supplies engines, lease engines and spare parts and performs repair maintenance where necessary on the engines for business jets. The entity has leased business jet engines located in Canada from entities outside of Canada. The entity imports spare parts into Canada from the UK and Germany and stores spare parts in Canada in third party premises. The entity sells spare parts to customers based in Canada and elsewhere and distributes engines from Canada to other locations in Canada and elsewhere (US, EU, Germany).
- **Omega Leasing (US) (No.4) LLC**, incorporated in the United States, has sold business jet engines while such engines were located in Canada to non-Canadian entities. Omega Leasing is indirectly owned (50% ownership) by Rolls-Royce Holdings plc. Omega Leasing makes use of a different set of screening tools for identifying human rights and forced labour in its supply chain than Rolls-Royce plc.
- **Rolls-Royce Leasing Limited**, incorporated in the UK, leases a small volume of aerospace engines to Canadian airlines.
- **RRPF Engine Leasing Limited**, incorporated in the UK, (i) has purchased business jet engines while such engines were located in Canada from non-Canadian entities, (ii) delivered business jet engines on lease to non-Canadian entities while such engines were located in Canada, (iii) leases a small volume of aerospace engines to Canadian airlines and (iv) has stored a small number of engines with and received maintenance services in respect of such engines from Rolls-Royce Canada, in Canada. RRPF Engine Leasing is indirectly owned (50% ownership) by Rolls-Royce Holdings plc. RRPF Engine Leasing makes use of a different set of screening tools for identifying human rights and forced labour in its supply chain than Rolls-Royce plc.
- **Rolls-Royce plc**, incorporated in the UK, exports business jet engine parts from the UK to Canada.

Subsidiaries within scope of the UK Modern Slavery Act:

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

Please note, the following legal entities are in scope of the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG): Rolls-Royce Deutschland Ltd & Co KG and Rolls-Royce Power Systems AG. Please find the associated Declaration of Principle on their respective websites