

# **Company Policy on Strategic Export Controls**

## **Summary**

Rolls-Royce is committed to a policy of compliance with the strategic export control laws, regulations and procedures of all relevant jurisdictions and regimes in which it operates.

## **Introduction**

The need to comply with export control regulations forms an integral part of the Global Code of Conduct (see Section 4.3). Export control is a complex regulatory area and the Code itself can only cover a selection of the issues that face us globally every day. All employees need to ensure that they comply with applicable export and import laws and regulations when transferring goods, services, software or technology within their country or across national borders. We maintain a series of policy statements which give a more comprehensive appreciation of the issues involved. Where appropriate they set out roles and responsibilities whether at individual, business/function or corporate level. Where necessary more detailed 'how-to' guidance in the form of Work Instructions and Local Operating Procedures are available which operationalize policies.

## **What are Strategic Export Controls?**

Strategic Export Controls is the term applied to the control regimes that most countries apply to the export licensing or authorisation process by which exports of certain categories of goods, technology, software and services are 'approved'. For Rolls-Royce these control regimes embrace all 'military' items and significant areas of what are called 'dual-use' items (items that not designed or modified for 'military' purposes but could be used as such). This covers systems, components and technology for gas turbine engines, marine and offshore equipment, and civil nuclear power generation.

'Strategic Export Controls' impact on the operations of the Rolls-Royce group in four main areas:

- Controls on the export of 'military' goods, software, related technology and services. These controls are applied by the state where the exporting business unit is located.
- Controls on the export of 'dual-use' goods, software and related technology. These are also generally applied by the state where the exporting business is located. In the EU, they are applied by the EU Member State where that business unit is established. This means that the item could actually be exported from another Member State within the EU Single Market.
- Extraterritorial application of regulations of some countries on the re-export of controlled goods, software, technology and services (both 'military' and 'dual-use'),

regardless of the country where the business unit is located. This is particularly relevant to US Export Regulations, but also applies to the regulations of other countries.

- 'End Use' and/or 'Destination' controls applied to 'dual-use' goods, software and related technology under some jurisdictions.

### **Commitment to Export Control Compliance**

Rolls-Royce's policy of compliance with the export control laws of all relevant jurisdictions and regimes in which it operates applies to:

- the physical transfer of controlled Goods, Software and Technology;
- the transfer of Technology using electronic media e.g. e-mail, fax and the use of the internet of shared data environments ("Intangible Transfers");
- the provision of Technical Services associated with defence programmes and services or equipment associated with Weapons of Mass Destruction (WMD);
- Transfers of US controlled Goods, Software or Technology to 'approved' foreign nationals or other legal entities wherever that transfer may occur

In order to achieve this Rolls-Royce:

- Provides dedicated resources to manage export control awareness and compliance in North America, Europe and Asia Pacific to support compliance activity in the operational businesses;
- Resources compliance activity globally;
- Pro-actively engages with government regulatory bodies to shape the environment within which we operate;
- Incorporates Export Controls into other business procedures, including but not limited to the Rolls-Royce Quality Management System, to ensure that compliance is an integrated function of the business;
- Develops and provides training in the relevant controls to businesses globally.

Within Rolls-Royce export controls compliance is overseen by the Executive Leadership Team (ELT). The company's Director, Strategic Export Controls together with his Corporate Team in Derby and London, the US Export Compliance team in Reston and Indianapolis, our regional teams in Germany, Canada and Asia Pacific are the subject matter experts on

policy, procedures, licensing and compliance. There are also Export Control Specialists in the businesses and functions that are your first port of call and provide dedicated support to their area. They are functionally responsible to the Director, Strategic Export Control.

Advice from the Export Control Function should be sought where there is any doubt or question as to the legality or propriety of any export.