

Sanctions & Export Control – Global Supplier Portal

Purpose

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

The principles of overall sanctions and export control compliance are encapsulated in the Supplier Code of Conduct. For Rolls-Royce to meet the regulatory obligations it is essential that sanctions and export control compliance requirements are managed within the supply chain.

The sanctions and export control compliance requirements applies to various activities, including:

- ❖ The physical export/transfer, re-export or re-transfer of listed/controlled items (goods, software, and technology) (collectively thereafter “Items”);
- ❖ The sharing, storing, access or transfer of software and/or technology by intangible and/or electronic means e.g. the use of shared data environments/systems, email or during discussions and presentations;
- ❖ The brokering of military Items between two third-countries;
- ❖ Exports of non-listed/not export controlled Items, or the provision of technical assistance if for use in a military Item for an arms embargoed destination or Weapons of Mass Destruction programme.

How are compliance requirements achieved

As a leading technology company in the aerospace, power and nuclear industries, many of our Items are subject to sanctions and export controls of various jurisdictions, and therefore the activities Rolls-Royce asks suppliers to perform may also be subject to these controls. Rolls-Royce needs to ensure that suppliers (including sub-tier suppliers) are capable of:

- ❖ Compliantly managing export-controlled Items received.
- ❖ Compliance with all applicable sanctions, export control laws, regulations and procedures in delivering products and associated technology to Rolls-Royce in a way that does not impact delivery or Rolls-Royce's ability to use those products/technology for the purpose for which they were ordered.

Key Compliance Elements

The following are key elements to assist with sanctions and export control compliance:

Governance

- ❖ Any additional sanctions and export control provisions specific to a particular programme or regulatory requirement will be identified under specific contract terms.
- ❖ Suppliers must respond to any requests Rolls-Royce makes for support in obtaining export and re-export authorisations as and when required, and to provide relevant export control information relating to supplier's products in support of any investigation or audit undertaken by a competent regulatory authority.
- ❖ Supplier's processes and procedures must be in place and records maintained to comply with sanctions and export control regulatory requirements.

Necessary Registration and Company Status Update

- ❖ U.S. and Canadian suppliers who deal with military items must determine if registration with the U.S. Department of State or the Canadian Controlled Good Program is required. If yes, the suppliers must confirm and demonstrate valid registration with the respective U.S. and Canadian government agency.
- ❖ Suppliers must advise Rolls-Royce purchasing contact as soon as possible of any change in the company's business, including but not limited to:
 - Change of company name and/or company registration.
 - Change of addresses of head offices and/or other facilities in which products are manufactured for Rolls-Royce.
 - Any change in company ownership.
 - Any change in parent company ownership.
 - Any novation or assignment of contracts to another entity.
 - Any other material changes of legal entity status.
- ❖ Any changes to a company's legal entity status may require regulatory approval in multiple jurisdictions and may result in the suspension or revocation of the existing export authorisation(s) either permanently or until such time that regulatory approval is obtained. Therefore, it is imperative that suppliers provide as much notice as reasonably possible of such changes.
- ❖ Where applicable, suppliers should register changes of company legal entity status with the suppliers' national export control regulator and with regulators where suppliers hold or are subject to any export authorisation from that regulator (e.g. USA Department of State, USA Department of Commerce, UK Department for Business and Trade, Export Control Joint Unit (ECJU), German Bundesamt für Wirtschaft Und Ausfuhrkontrolle (BAFA) etc.).

Screening

- ❖ Any supplier that is denied export/import privileges or is identified on a list of embargoed, sanctioned or restricted parties by any regulatory authority must inform the Rolls-Royce purchasing contact immediately.
- ❖ Suppliers must carry out comprehensive sanctioned/denied party and destination export control screening with the sub-tier supply chain involved in delivering products and associated technology to Rolls-Royce.
- ❖ Suppliers must carry out comprehensive sanctioned/denied party and destination export control screening of subsidiaries or affiliates, any directors, officer or employee of the party or any of its subsidiaries or affiliates.

Export Classifications

- ❖ The determination and provision of export classifications (sometimes referred to as the export rating) is fundamental to export control compliance.
- ❖ Suppliers of proprietary items (i.e. where the design authority or intellectual property is not owned by Rolls-Royce) must provide Rolls-Royce with the export classifications of those products and, where applicable, the associated technology. The export

classifications must be those contained in the regulations of the country from where the products/technologies are to be shipped and for any other jurisdictions that may apply.

- ❖ For products subject to Rolls-Royce Design Authority, Rolls-Royce will provide suppliers with the export classification of the product/technology in the jurisdiction from where the design is exported, but suppliers are required to provide or confirm the export classifications of the products from supplier's regulatory jurisdiction. Suppliers must be prepared to provide or work with Rolls-Royce to determine the correct export classifications in all applicable jurisdictions affecting the Items being supplied.
- ❖ The supplier must also identify any Items that originate from the USA, or China or which contain USA or China content, along with the applicable USA or China export classifications and/or export authorisations if applicable. In situations where the *de minimis* level of U.S.-origin controlled content needs to be determined, Rolls-Royce may seek cooperation and relevant U.S. content information from the supplier.
- ❖ Suppliers are required to complete documentation for all products, components, equipment, technology or services to be provided (including declarations that none is subject to export controls). The 'Export Classification & Authorisation Form' (ECAAF) has been developed to capture essential export control information from suppliers for the Items to be provided to Rolls-Royce.
- ❖ All technical documents (drawings, specifications, etc.) issued by Rolls-Royce should include or state the Export Classification of the technology in question in all applicable jurisdictions (there may be more than one jurisdiction applicable). Any queries relating to the export classification of the technical documents issued by Rolls-Royce should be referred to Rolls-Royce for clarification.

Export Authorizations

- ❖ Where export controls apply, the export authorisation (including licences, permits or other regulatory approval) applicable to the Items should be stated on supporting documents or transmittal sheets. Where any export authorisations are identified, suppliers must ensure that the export-controlled Items received are managed in accordance with the conditions stated.
- ❖ For any Items subject to the United States International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR), suppliers must ensure that access to the Items is only granted to authorised persons (where the controls are based upon employment status or nationality), and that re-export or re-transfer to another party or entity (e.g., sub-tier suppliers), whether inside or outside the supplier's own country, is managed in accordance with the conditions of the export authorisation(s).
- ❖ Where appropriate, conditions contained within an export authorisation must be flowed down to all sub-tier suppliers used.
- ❖ Where a supplier's products, technology or services are subject to export controls and an export authorisation(s) applies, the supplier must provide Rolls-Royce with details as soon as practicable. The information should include export licence type, coverage of the parties and scope of the activities and duration, exemptions, exceptions, etc.

- ❖ Where applicable, any conditions in the export authorisation(s) (e.g., restrictions relating to employment status, nationality or re-export) must be advised to Rolls-Royce in order that we can maintain compliance with the export authorisation(s) when incorporating, re-exporting or transferring the Items as part of business activities.
- ❖ Both Parties will provide support upon request with any “End User Undertakings” that support the application for export authorisations required to authorise the export of the Items, or which are required as part of compliance with export control regulations.
- ❖ In cases where suppliers seek to transfer work or production to another individual, entity, factory or country, suppliers must advise the purchasing contact of the proposed transfer as soon as possible so that Rolls-Royce can, where necessary, seek regulatory approval and amend or re-apply for export authorisations that cover the work or product. Delays in advising Rolls-Royce may result in suspension of work, delays in product shipment or exports of technology denied until such time that regulatory approvals are in place.
- ❖ Where it is the supplier’s responsibility to do so, suppliers must ensure that all applicable export authorisations are in place in time to ensure the work transfer can lawfully take place without delay in agreed delivery schedules.
- ❖ If a supplier is to be added as a licensee or sub-licensee to any USA export authorisation issued pursuant to the ITAR or EAR, suppliers must agree to execute and return to Rolls-Royce an “Export Questionnaire” and provide any additional information required to support the Rolls-Royce export authorisation application.
- ❖ Prior to foreign travel, employees of suppliers, working to contract requirements for Rolls-Royce, must ensure that any necessary export authorisation is in place to meet the requirements of all relevant jurisdictions for items or data.

Physical Exports

- ❖ Where suppliers are responsible for shipment of products, suppliers must ensure that where an export authorisation is required it is in place in time to ensure that delivery can lawfully take place without delay. The export authorisation obtained or used must authorise both the use of the Items within Rolls-Royce and onward transfer to customers or other authorised end-users. If in doubt, suppliers must contact Rolls-Royce Purchasing to confirm the onward supply chain and end-users.
- ❖ Where suppliers are not responsible for shipment of products, suppliers must still provide Rolls-Royce or the appointed freight forwarder with the required data elements for compliant shipments.
- ❖ All shipping documentation must comply with regulatory requirements for compliant shipments. Rolls-Royce reserves the right to reject delivery of any consignment that does not comply with requirements.

Intangible Transfers

- ❖ Document markings are required for all documents created or modified by the supplier.