**IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO EASTERN DIVISION**

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| **UNITED STATES OF AMERICA** | : | **Case No.** _____ |
| | : | |
| **v.** | : | **JUDGE** 2:16 cr 247 |
| | : | Judge Sargus |
| **ROLLS-ROYCE PLC,** | : | |
| | : | **UNDER SEAL** |
| **Defendant.** | : | |

## DEFERRED PROSECUTION AGREEMENT

Defendant Rolls-Royce plc (the "Company"), pursuant to authority granted by the Company's Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Southern District of Ohio (collectively, "the Fraud Section and the Office") enter into this deferred prosecution agreement (the "Agreement").

### Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Fraud Section and the Office will file the attached one-count criminal Information in the United States District Court for the Southern District of Ohio charging the Company with one count of conspiracy to violate the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, Title 15, United States Code, Sections 78dd-2 and 78dd-3, in violation of Title 18, United States Code, Section 371. In so doing, the Company: (a) knowingly waives its right to indictment on this charge, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) knowingly waives any objection with respect to venue to any charges by the United States arising out of the conduct described in the Statement of Facts attached hereto as Attachment A

and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Southern District of Ohio. The Fraud Section and the Office agree to defer prosecution of the Company pursuant to the terms and conditions described below.

2. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as charged in the Information, and as set forth in the attached Statement of Facts, and that the allegations described in the Information and the facts described in the attached Statement of Facts are true and accurate. Should the Fraud Section and the Office pursue the prosecution that is deferred by this Agreement, the Company stipulates to the admissibility of the attached Statement of Facts in any proceeding, including any trial, guilty plea, or sentencing proceeding, and will not contradict anything in the attached Statement of Facts at any such proceeding.

**Term of the Agreement**

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three years from that date (the "Term"). The Company agrees, however, that, in the event the Fraud Section and the Office determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement, an extension or extensions of the Term may be imposed by the Fraud Section and the Office, in their sole discretion, for up to a total additional time period of one year, without prejudice to the right of the Fraud Section and the Office to proceed as provided in Paragraphs 16 through 18 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting requirement in Attachment D, for an equivalent period. Conversely, in the event the Fraud Section and the Office find, in their sole discretion, that there exists a change in

circumstances sufficient to eliminate the need for the reporting requirement in Attachment D, and that the other provisions of this Agreement have been satisfied, the Agreement may be terminated early. If the Court rejects the Agreement, all the provisions of the Agreement shall be deemed null and void, and the Term shall be deemed to have not begun.

**Relevant Considerations**

4. The Fraud Section and the Office enter into this Agreement based on the facts and circumstances presented by this case, including:

a. the Company did not voluntarily or timely disclose to the Fraud Section and the Office the conduct described in the attached Statement of Facts, as the Company's disclosures occurred only after media reports first alleging corruption by the Company and the U.K. Serious Fraud Office initiated an inquiry into the Company's misconduct, and as a result the Company was not eligible for voluntary disclosure credit;

b. the Company received full credit for its cooperation with the Fraud Section's and the Office's investigation, which included (i) conducting a thorough internal investigation; (ii) making numerous factual presentations to the Fraud Section and the Office, (iii) facilitating witness interviews of current and former employees, including foreign-based employees, as well as former commercial advisors, and covering the cost of representation and travel; (iv) producing documents to the Fraud Section and the Office proactively and in a timely fashion; (v) collecting, analyzing, and organizing voluminous evidence and information for the the Fraud Section and the Office; and (vi) providing facts learned during witness interviews conducted by the Company;

c. by the conclusion of the investigation, the Company had provided to the Fraud Section and the Office all relevant facts known to it, including information about individuals involved in the misconduct;

d. The Company engaged in significant remedial measures, including: (i) terminating 6 employees and accepting resignations from 11 other employees who were the subject of internal disciplinary investigations, where all 17 employees were implicated in the corrupt schemes described in the Statement of Facts or in other conduct that the Company disclosed to the Fraud Section and the Office prior to the signing of the Agreement; (ii) terminating the Company's business relationships with all third-party intermediaries involved in the corrupt schemes described in the Statement of Facts; (iii) enhancing compliance procedures the Company uses to review and approve third-party intermediaries, and changing business marketing practices to materially reduce the number of intermediaries the Company uses; (iv) engaging an outside advisor to serve as a compliance advisor responsible for reviewing the Company's compliance programs and making recommendations for improvement, and having the Board of Director's Safety and Ethics Committee monitor the implementation of the recommendations; (v) implementing new enhanced internal controls to address and mitigate corruption and compliance risks.

e. The Company has committed to continue to enhance its compliance program and internal controls, including ensuring that they satisfy the minimum elements of the corporate compliance program set forth in Attachment C to this Agreement;

f. Based on the Company's remediation and the state of its compliance program, and the Company's agreement to report to the Fraud Section and the Office as set forth

in Attachment D to this Agreement, the Fraud Section and the Office determined that an independent compliance monitor was unnecessary;

g. The nature and seriousness of the offense, including: the high-dollar value of the bribes paid to foreign officials and the resulting illicit gains; the involvement of high level Company officials; the use of intermediaries to conceal the bribery schemes; the broad geographic scope of the corrupt schemes; and the length of time that Company employees engaged in the corrupt schemes;

h. The Company has no prior criminal history;

i. The Company has agreed to continue to cooperate with the Fraud Section and the Office in any ongoing investigation of the conduct of the Company and its officers, directors, employees, agents, business partners, and consultants relating to violations of the FCPA;

j. The Company has agreed to pay a penalty to the U.K. Serious Fraud Office of £497,252,645 in connection with corrupt payments the Company made in connection with the Company's Civil Aerospace, Defence Aerospace, and Energy business operations in Indonesia, Thailand, China, Malaysia, Nigeria, Russia, and India; and a penalty to the Brazilian Public Prosecutor of approximately $25,579,179 in connection with certain conduct described in the attached Statement of Facts concerning corrupt payments the Company made in Brazil; and

k. Accordingly, after considering (a) through (j) above, the Company received an aggregate discount of 25% off of the bottom of the U.S. Sentencing Guidelines fine range.

**Future Cooperation and Disclosure Requirements**

5. The Company shall cooperate fully with the Fraud Section and the Office in any and all matters relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct related to possible corrupt payments under investigation by the Fraud Section or the Office at any time during the Term, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the end of the term specified in paragraph 3. At the request of the Fraud Section and the Office, the Company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of the Company, its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct related to possible corrupt payments under investigation by the Fraud Section or the Office at any time during the Term. The Company agrees that its cooperation pursuant to this paragraph shall include, but not be limited to, the following:

a. The Company shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities, those of its subsidiaries and affiliates, and those of its present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Company has any knowledge or about which the Fraud Section or the Office may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Fraud Section and the Office,

upon request, any document, record or other tangible evidence about which the Fraud Section or the Office may inquire of the Company.

b. Upon request of the Fraud Section or the Office, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Fraud Section and the Office the information and materials described in Paragraph 5(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. The Company shall use its best efforts to make available for interviews or testimony, as requested by the Fraud Section or the Office, present or former officers, directors, employees, agents and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Fraud Section and the Office pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as the MDBs, of such materials as the Fraud Section and the Office, in their sole discretion, shall deem appropriate.

6. In addition to the obligations in Paragraph 5, during the Term, should the Company learn of any evidence or allegations of conduct that may constitute a violation of the FCPA anti-bribery provisions had the conduct occurred within the jurisdiction of the United

States, the Company shall promptly report such evidence or allegations to the Fraud Section and the Office.

**Payment of Monetary Penalty**

7. The Fraud Section and the Office and the Company agree that application of the United States Sentencing Guidelines ("USSG" or "Sentencing Guidelines") to determine the applicable fine range yields the following analysis:

a. The 2015 USSG are applicable to this matter.

b. Offense Level. Based upon USSG § 2C1.1, the total offense level is 44, calculated as follows:

| | | |
|---|---|---|
| (a)(2) | Base Offense Level | 12 |
| (b)(1) | Multiple Bribes | +2 |
| (b)(2) | Value of benefit received more than $150,000,000 | +26 |
| (b)(3) | High-level Official Involved | +4 |
| **TOTAL** | | 44 |

c. Base Fine. Based upon USSG § 8C2.4(a)(2), the base fine is $162,914,074 (as the pecuniary gain exceeds the fine in the Offense Level Fine Table)

d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 8, calculated as follows:

| | | |
|---|---|---|
| (a) | Base Culpability Score | 5 |
| (b)(1) | the organization had 5,000 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense | +5 |
| (g)(2) | The organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct | - 2 |

| | |
|---|---|
| **TOTAL** | **8** |

Calculation of Fine Range:

| | |
|---|---|
| Base Fine | $162,914,074 |
| Multipliers | 1.6 (min) / 3.2 (max) |
| Fine Range | $260,662,518 / $521,325,037 |

The Company agrees to pay a monetary penalty in the amount of $169,917,710 to the United States Treasury no later than ten business days after the United States District Court for the Southern District of Ohio enters an order approving this Agreement, of which $30,000,000 will be paid to the Consumer Financial Fraud Fund. The monetary penalty reflects a discount of 25% off of the bottom of the U.S. Sentencing Guidelines fine range, and a credit of $25,579,179 in recognition of the Company's payment of a $25,579,179 penalty in connection with its settlement of an administrative proceeding, based in part on the same conduct as set forth in the Statement of Facts, with the Brazilian Public Prosecutor's Office. The Company and the Fraud Section and the Office agree that this penalty is appropriate given the facts and circumstances of this case, including the factors described in paragraph 4 above. The $169,917,710 penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Fraud Section or the Office that $169,917,710 is the maximum penalty that may be imposed in any future prosecution, and the Fraud Section and the Office are not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Fraud Section and the Office agree that under those circumstances, they will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of this $169,917,710

penalty. The Company shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the penalty or disgorgement amounts that the Company pays pursuant to this Agreement or any other agreement entered into with an enforcement authority or regulator concerning the facts set forth in the attached Statement of Facts.

**Conditional Release from Liability**

8. Subject to Paragraphs 14 through 16, the Fraud Section and the Office agree, except as provided in this Agreement, that it will not bring any criminal or civil case against the Company or any of its subsidiaries relating to any of the conduct described in the attached Statement of Facts or the criminal Information filed pursuant to this Agreement or the Agreement with the Serious Fraud Office. The Fraud Section and the Office, however, may use any information related to the conduct described in the attached Statement of Facts or the criminal Information or the Agreement with the Serious Fraud Office against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

a. This Agreement does not provide any protection against prosecution for any future conduct by the Company.

b. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company.

## Corporate Compliance Program

9. The Company represents that it has implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption, including, but not limited to, the minimum elements set forth in Attachment C (Corporate Compliance Program), which is incorporated by reference into this Agreement.

10. In order to address any deficiencies in its internal accounting controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. Where necessary and appropriate, the Company agrees to adopt a new compliance program, or to modify its existing one, including internal controls, compliance policies, and procedures in order to ensure that it maintains: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations of the FCPA and other applicable anti-corruption laws. The compliance program, including the internal accounting controls system will include, but not be limited to, the minimum elements set forth in Attachment C.

**Corporate Compliance Reporting**

11. The Company agrees that it will report to the Fraud Section and the Office annually during the Term regarding remediation and implementation of the compliance measures described in Attachment C. These reports will be prepared in accordance with Attachment D.

**Deferred Prosecution**

12. In consideration of the undertakings agreed to by the Company herein, the Fraud Section and the Office agree that any prosecution of the Company for the conduct set forth in the attached Statement of Facts and the criminal Information be and hereby is deferred for the Term. To the extent there is conduct disclosed by the Company that is not set forth in the attached Statement of Facts or in the Agreement with the Serious Fraud Office, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

13. The Fraud Section and the Office further agree that if the Company fully complies with all of its obligations under this Agreement, the Fraud Section and the Office will not continue the criminal prosecution against the Company described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within six months of the Agreement's expiration, the Fraud Section and the Office shall seek dismissal with prejudice of the criminal Information filed against the Company described in Paragraph 1, and agree not to file charges in the future against the Company based on the conduct described in this Agreement and the attached Statement of Facts.

**Breach of the Agreement**

14. If, during the Term, the Company (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual

culpability; (c) fails to cooperate as set forth in Paragraphs 5 and 6 of this Agreement; (d) fails to implement a compliance program as set forth in Paragraphs 11 and 12 of this Agreement and Attachment C; (e) commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fails specifically to perform or to fulfill completely each of the Company's obligations under the Agreement, regardless of whether the Fraud Section or the Office become aware of such a breach after the Term is complete, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Fraud Section and the Office has knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Fraud Section and the Office in the U.S. District Court for the Southern District of Ohio or any other appropriate venue. Determination of whether the Company has breached the Agreement and whether to pursue prosecution of the Company shall be in the sole discretion of the Fraud Section and the Office. Any such prosecution may be premised on information provided by the Company or its personnel. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Fraud Section and the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of

the date upon which the Fraud Section and the Office are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

15. In the event the Fraud Section and the Office determine that the Company has breached this Agreement, the Fraud Section and the Office agree to provide the Company with written notice prior to instituting any prosecution resulting from such breach. Within thirty days of receipt of such notice, the Company shall have the opportunity to respond to the Fraud Section and the Office in writing to explain the nature and circumstances of the breach, as well as the actions the Company has taken to address and remediate the situation, which the Fraud Section and the Office shall consider in determining whether to pursue prosecution of the Company.

16. In the event that the Fraud Section and the Office determine that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Fraud Section and the Office, or to the Court, including the attached Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Fraud Section and the Office against the Company; and (b) the Company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Company, will be imputed to the Company

for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Fraud Section and the Office.

17. The Company acknowledges that the Fraud Section and the Office have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement and this matter proceeds to judgment. The Company further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

18. Thirty days after the expiration of the period of deferred prosecution specified in this Agreement, the Company, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, will certify to the Fraud Section and the Office that the Company has met its disclosure obligations pursuant to Paragraph 6 of this Agreement. Each certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

**Sale, Merger, or Other Change in Corporate Form of Company**

19. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term of the Agreement, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations that are material to the Company's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in the Statement of Facts, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any

successor in interest thereto, to the obligations described in this Agreement. The purchaser or successor in interest must also agree in writing that the Fraud Section's ability to declare a breach under this Agreement is applicable in full force to that entity. The Company agrees that the failure to include these provisions in the transaction will make any such transaction null and void. The Company shall provide notice to the Fraud Section at least thirty days prior to undertaking any such sale, merger, transfer, or other change in corporate form. If the Fraud Section notifies the Company prior to such transaction (or series of transactions) that it has determined that the transaction(s) has the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined in the sole discretion of the Fraud Section, the Company agrees that such transaction(s) will not be consummated. In addition, if at any time during the term of the Agreement, the Fraud Section determines in its sole discretion that the Company has engaged in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of this Agreement, it may deem it a breach of this Agreement pursuant to Paragraphs 14 – 16 of this Agreement.

**Public Statements by Company**

20. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution as set forth in Paragraphs 16 through 18 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the attached Statement

of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Fraud Section and the Office. If the Fraud Section and the Office determine that a public statement by any such person contradicts in whole or in part a statement contained in the attached Statement of Facts, the Fraud Section and the Office shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the attached Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the attached Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

21. The Company agrees that if it or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult with the Fraud Section and the Office to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Fraud Section and the Office, and the Company; and (b) whether the Fraud Section and the Office have any objection to the release.

22. The Fraud Section and the Office agree, if requested to do so, to bring to the attention of law enforcement, regulatory, and debarment authorities, as well as those of MDBs, the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to

provide this information to such authorities, the Fraud Section and the Office are not agreeing to advocate on behalf of the Company, but rather are agreeing to provide facts to be evaluated independently by such authorities.

**Limitations on Binding Effect of Agreement**

23. This Agreement is binding on the Company and the Fraud Section and the Office but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Fraud Section and the Office will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

**Notice**

24. Any notice to the Fraud Section and the Office under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Chief, FCPA Unit, Fraud Section, Criminal Division, United States Department of Justice, 1400 New York Avenue, Washington, D.C. 20530; Chief, Criminal Division, United States Attorney's Office for the Southern District of Ohio, 303 Marconi Boulevard, Suite 200 Columbus, OH 43215. Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Mark Gregory, Esq., General Counsel, Rolls-Royce plc, SINB-36, PO Box 31, Derby, DE24 8BJ, United Kingdom, with a copy to Bruce E. Yannett, Esq., Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022. Notice shall be effective upon actual receipt by the Fraud Section and the Office or the Company.

**Complete Agreement**

25. This Agreement, including its attachments, sets forth all the terms of the agreement between the Company and the Fraud Section and the Office. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Fraud Section and the Office, the attorneys for the Company and a duly authorized representative of the Company.

**AGREED:**

**FOR ROLLS-ROYCE PLC:**

Date: 12/19/16

By: _____
Mark Gregory
General Counsel
Rolls-Royce Plc

Date: 12/19/16

By: _____
Bruce E. Yannett
Karolos Seeger
Debevoise & Plimpton LLP

**FOR THE DEPARTMENT OF JUSTICE:**

BENJAMIN C. GLASSMAN
United States Attorney
Southern District of Ohio

_____
J. Michael Marous
Jessica H. Kim
Assistant United States Attorneys

ANDREW WEISSMANN
Chief, Fraud Section, Criminal Division
United States Department of Justice

_____
Kevin R. Gingras
Ephraim Wernick
Dennis Kihm
Trial Attorneys

Date: 12/20/16

**COMPANY OFFICER'S CERTIFICATE**

I have read this Agreement and carefully reviewed every part of it with outside counsel for Rolls-Royce (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am the General Counsel for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: 19/12/16

Rolls-Royce Plc

By: _____

Mark Gregory
General Counsel

## CERTIFICATE OF COUNSEL

I am counsel for Rolls-Royce plc (the "Company") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the General Counsel of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: 12/19/16

By: _____

Bruce E. Yannett
Debevoise & Plimpton LLP
Counsel for Rolls-Royce Plc

## ATTACHMENT A

### STATEMENT OF FACTS

The following Statement of Stipulated Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section (the "Fraud Section") and the United States Attorney's Office for the Southern District of Ohio (the "Office") and Rolls-Royce plc. Rolls-Royce plc admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Certain of the facts herein are based on information obtained from third parties by the Fraud Section and the Office through their investigation and described to Rolls Royce plc. Should the Fraud Section and the Office pursue the prosecution that is deferred by this Agreement, Rolls-Royce plc agrees that it will contest neither the admissibility of, nor contradict, this Statement of Stipulated Facts in any such proceeding. The following facts took place during the relevant time frame and establish beyond a reasonable doubt the charges set forth in the Criminal Information attached to this Agreement.

### Relevant Individuals and Entities

#### Rolls-Royce and Related Entities and Individuals

1. From in or around 2000 to the present, Rolls-Royce plc ("Rolls-Royce") was a publicly traded company in the United Kingdom. Rolls-Royce was a holding company with major business operations in the civil aerospace, defence aerospace, marine, and energy sectors worldwide.

2. From in or around 2000 to the present, Rolls-Royce Energy Systems, Inc. ("RRESI") was an indirect subsidiary of Rolls-Royce. RRESI was a United States company headquartered in Mount Vernon, Ohio, and thus was a "domestic concern" within the meaning of the Foreign Corrupt Practices Act (the "FCPA"), Title 15, United States Code, Section 78dd-2.

RRESI produced and supplied gas turbines, compressors, and aftermarket products and services for oil and gas and power generation projects worldwide, including in Angola, Azerbaijan, Brazil, Indonesia, Iraq, Kazakhstan, Nigeria, Russia, Thailand, and elsewhere.

3. Executive, an individual whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a U.K. national and a Rolls-Royce employee at all relevant times. Executive was a high-level executive with substantial decision-making authority within the energy division of Rolls-Royce.

4. Employee 1, an individual whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a U.S. citizen and an employee of RRESI at all relevant times. Employee 1 was a "domestic concern" and an "employee" and "agent" of a "domestic concern" within the meaning of the FCPA.

5. Employee 2, an individual whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a U.K. national and a Rolls-Royce employee at all relevant times.

6. Employee 3, an individual whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a U.S. citizen and an employee of RRESI and other Rolls-Royce entities at all relevant times. Employee 3 was a "domestic concern" and, for a period of time, an "employee" and "agent" of a "domestic concern" within the meaning of the FCPA.

Rolls-Royce Commercial Advisors

7. Intermediary 1, an entity whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a Monaco-incorporated and based oil and gas services intermediary. Intermediary 1 owned and operated a number of subsidiaries and affiliates, including a United States-based subsidiary. Intermediary 1 regularly bribed foreign officials and others in order to secure work for Rolls-Royce and RRESI. From in or around 2000 through in or around 2012, Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, caused RRESI to

engage Intermediary 1 as a commercial agent on at least 7 projects, including in Angola, Azerbaijan, Iraq, Kazakhstan, and elsewhere.

8. Intermediary 2, an entity whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a Madeira-incorporated, Angola-based, oil and gas services intermediary. Intermediary 2 was created as a joint venture between Intermediary 1 and another company. As described below, RRESI engaged Intermediary 2 as a commercial advisor on projects in Angola.

9. Intermediary 3, an entity whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a U.K.-incorporated oil and gas services intermediary. As described below, RRESI engaged Intermediary 3 as a commercial advisor for the Asia Gas Pipeline Lines A and B projects.

10. Intermediary 4, an entity whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a Thai-based oil and gas services intermediary. As described below, RRESI engaged Intermediary 4 (and/or its Singapore-incorporated affiliate) as a commercial advisor for the GSP-5, GSP-6, OCS-3, Arthit, PCS, ESP 2006, and ESP 2012 projects in Thailand.

11. Intermediary 5, an entity whose identity is known to Rolls-Royce, the Fraud Section, and the Office, was a Panama-incorporated, Brazil-based oil and gas services intermediary. As described below, RRESI engaged Intermediary 5 as a commercial advisor for the P-51, P-52, P-53, and PRA-1 projects in Brazil.

Foreign Government Instrumentalities

12. Asia Gas Pipeline, LLP ("AGP") was a joint venture between Kazakh and Chinese state-owned and state-controlled entities that was designed to transport gas through a pipeline between Kazakhstan and China. AGP was controlled by the Kazakh and Chinese

governments and performed government functions for Kazakhstan and China, and thus was an "instrumentality" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-2 and 78dd-3.

13. PTT Public Company Ltd. ("PTT") and its subsidiary PTT Exploration and Production Public Company ("PTTEP") were Thai state-owned and state-controlled oil and gas companies, which owned extensive submarine gas pipelines in the Gulf of Thailand, a network of gas terminals throughout Thailand, and was a leader in Thailand's electricity generation, petrochemical production, oil and gas exploration and production, and gasoline retailing. PTT and PTTEP were controlled by the Thai government and performed government functions that the Thai government treated as its own. Thus, PTT and PTTEP were each an "instrumentality" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-2 and 78dd-3.

14. Petróleo Brasileiro S.A. ("Petrobras") was a corporation in the petroleum industry headquartered in Rio de Janeiro, Brazil, and operated to refine, produce and distribute oil, oil products, gas, biofuels and energy. The Brazilian government directly owned a majority of Petrobras's common shares with voting rights, while additional shares were controlled by the Brazilian Development Bank and Brazil's Sovereign Wealth Fund. Petrobras was controlled by the Brazilian government and performed a function that the Brazilian government treated as its own. Thus, Petrobras was an "instrumentality" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-2 and 78dd-3.

15. The State Oil Company of the Azerbaijan Republic ("SOCAR") was the Azeri state-owned and state-controlled oil and gas company. SOCAR was controlled by the Azeri government and performed government functions for Azerbaijan, and thus was an "instrumentality" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-2 and 78dd-3.

16. Sociedade Nacional de Combustíveis de Angola, E.P. ("SONANGOL") was an Angolan state-owned and state-controlled oil company. SONANGOL was controlled by the Angolan government and performed government functions for Angola, and thus was an "instrumentality" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-2 and 78dd-3.

17. South Oil Company ("SOC") was an Iraqi state-owned and state-controlled oil company. SOC was controlled by the Iraqi government and performed government functions for Iraq, and thus was an "instrumentality" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-2 and 78dd-3.

**Overview of the Bribery Scheme**

18. From in or around 2000 to in or around 2013, Rolls-Royce, RRESI, Executive, Employee 1, Employee 2 and Employee 3 conspired with each other and others known and unknown, to cause RRESI to make over $35 million in commission payments to commercial advisors and others, knowing that the commission payments would be used to bribe foreign officials on behalf of Rolls-Royce and RRESI in Thailand, Brazil, Kazakhstan, Azerbaijan, Angola, Iraq, and elsewhere, in exchange for foreign officials' assistance in providing confidential information and awarding contracts to Rolls-Royce, RRESI, and affiliated entities. Rolls-Royce, RRESI, Executive, Employee 1, and others known and unknown, knew that certain commission payments would be used by RRESI intermediaries and commercial advisors to bribe foreign officials and others on behalf of Rolls-Royce and RRESI, and they caused other corrupt benefits to be conveyed upon foreign officials and others, in order to influence the foreign officials in their official capacity, and to secure an improper advantage for Rolls-Royce, RRESI, and affiliated entities and assist them in obtaining and retaining business with foreign governments, and agencies and instrumentalities thereof.

19. In Thailand, Rolls-Royce, RRESI, Executive, Employee 1, Employee 2, Employee 3 and others, known and unknown, engaged an intermediary, knowing that the intermediary's commission payments would be used to bribe foreign officials at PTT and its subsidiary PTTEP in return for contract awards for equipment and aftermarket products and services. From in or around 2003 through in or around 2013, RRESI made over $11 million in corrupt commission payments, and Rolls-Royce and RRESI understood that the payments would assist with contract awards, which RRESI ultimately won on the GSP-5, GSP-6, OCS-3, Arthit, PCS, ESP 2006, and ESP 2012 projects.

20. In Brazil, Rolls-Royce, RRESI, Executive and others, known and unknown, caused RRESI to make corrupt commission payments to an intermediary, knowing that portions of the commission payments would be paid to officials at Petrobras in order to obtain lucrative contracts for equipment and Long Term Service Agreements ("LTSAs"). Between 2003 and 2013, RRESI paid the intermediary approximately $9.32 million in commission payments, and the intermediary made approximately $1.6 million in corrupt bribery payments to a Brazilian foreign official. In return, the foreign official helped RRESI win contracts from Petrobras on numerous projects.

21. In Kazakhstan, Rolls-Royce and RRESI sold RRESI gas turbines and aftermarket products and services to AGP. First, Rolls-Royce, RRESI, Executive, and Employee 1 knowingly conspired with each other and others, known and unknown, to make corrupt commission payments to Intermediary 3, knowing that Intermediary 3 intended to use at least a portion of the commission payments to bribe foreign officials in order to win contracts to supply turbines on AGP Lines A and B in 2009. Later, in 2012, RRESI corruptly engaged a local distributor of parts and services, knowing that the distributor was beneficially owned by a high-ranking Kazakh government official with decision-making authority over Rolls-Royce's ability

to continue operating in the Kazakh market and win contract awards to supply turbines for AGP Line C. In total, RRESI made $5.44 million in corrupt commissions to multiple advisors and conveyed additional benefits upon the high-ranking government official who was the beneficial owner of RRESI's local distributor.

22. In Azerbaijan, Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, engaged Intermediary 1, knowing that Intermediary 1's commission payments would be used to bribe foreign officials at SOCAR. From in or around 2000 through in or around 2009, RRESI made over $7.8 million in corrupt commission payments to Intermediary 1, and Rolls-Royce and RRESI understood that the payments would assist with contract awards, which RRESI ultimately won to supply approximately 45 turbines on multiple projects, resulting in total profits of over $50 million.

23. In Iraq, Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, engaged Intermediary 1, knowing that Intermediary 1 was paying bribes to officials at SOC. From in or around 2006 through in or around 2009, Intermediary 1 received a contract award to supply gas generators to SOC. Sometime thereafter, RRESI learned that certain SOC officials had concerns about the turbines that had been supplied. Intermediary 1 paid bribes to foreign officials at SOC in order to persuade the officials to accept the turbines and keep SOC from "blacklisting" Rolls-Royce and RRESI from doing future business in Iraq. As a result of the corrupt bribery payments by Intermediary 1, Rolls-Royce and RRESI made a profit of over $1.5 million on the gas generator deal.

24. In Angola, Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, engaged Intermediary 2, knowing that Intermediary 2's commission payments would be used to bribe foreign officials at SONANGOL. From in or around 2008 through in or around 2012, RRESI made approximately $2.4 million in corrupt commission payments to

Intermediary 2, knowing that Intermediary 2's commission payments would be used to bribe foreign officials at SONANGOL in order to obtain confidential information and win contracts for Rolls-Royce and RRESI. Ultimately, three SONANGOL projects were awarded to Rolls-Royce and RRESI, resulting in approximately $30 million in profits in Angola.

25. In furtherance of the scheme, Rolls-Royce's employees and agents took corrupt acts while in the territory of the United States. In addition, Rolls-Royce and its employees and agents conspired with and aided and abetted domestic concerns, including conspiring to send, and aiding and abetting, wire transfers and emails to and through the United States.

**The Bribery Scheme**

Thailand

26. From in or around 2000 through in or around 2012, Rolls-Royce, RRESI, and their employees, including Executive, Employee 1, Employee 2, Employee 3, and others, caused RRESI to enter into commercial advisor agreements and maintain business relationships with intermediary companies and others, knowing that intermediaries and others would use RRESI's commission payments, or portions thereof, to bribe at least one foreign official and others, to secure an improper advantage and assist RRESI in obtaining and retaining business from PTT and its subsidiary PTTEP.

27. In furtherance of the bribery scheme, employees of Rolls-Royce and RRESI, including Executive, Employee 1, and others, arranged or attempted to arrange to pay inflated commissions to Rolls-Royce advisors like Intermediary 4. The advisors would then pass on parts of the inflated commissions to the foreign officials at PTT and PTTEP responsible for rewarding contracts on projects.

28. For example, on or about April 8, 2002, Employee 2 emailed Employee 1 and directors of Intermediary 4 about a strategy for winning a contract on the construction of a gas

separator plant known as the GSP-5 project. The strategy included convincing PTT officials, who Employee 2 referred to as "friends," to write the bid specifications for the project in such a way that would ensure Rolls-Royce would be the best positioned company to win the contract. Employee 2 wrote:

> [Employee 1] has briefed me on the present status of the project . . . I just wanted to drop you a note to say that I agree with the approach of getting our friends on board with [writing the specifications to favor Rolls-Royce]. . . . In this, we can probably maximize gains for our friends at the same time as maintaining a sensible margin for [Rolls-Royce]. I can only say this because based on [the specifications] there will be very limited competition and therefore the [other companies] will not be able to knock down our price.[1]

29. Rolls-Royce was ultimately successful in securing the contract for GSP-5 in January of 2003, after which it made corrupt commission payments to Intermediary 4 at a previously-agreed upon amount of 7.5% of the contract price.

30. Shortly after Rolls-Royce won GSP-5, Rolls-Royce instituted a new policy requiring additional approval from high-level executives for sales commissions to third party advisors that exceeded 5%.

31. On or about June 11, 2003 a Rolls-Royce sales manager sent an email to his supervisor, Employee 3, raising concerns about the impact of the new commission policy on Intermediary 4, who had previously committed certain amounts above the permitted commission levels to foreign officials at PTT for projects where bidding was already underway:

> [Intermediary 4's principal] has called me several times this evening and is extremely concerned that he's already committed commission payments – as required, to ensure we are in pole position for [the project], i.e. basis agreed 6.5% commission (5.5% to PTT and 1% [Intermediary 4's principal].
> He cannot now rescind these commitments, and requests confirmation that we shall maintain "previously agreed" commission level.
> [. . .]

[1] Unless bracketed, all quotations appear as in the original document, without corrections or indications of misspellings or typographical errors.

> [Intermediary 4's principal] is still working, but basis he would lose all his commission (1%) and some of the other commitments – he will be out of pocket, hence is seriously wondering what to do next!

32. Intermediary 4 nevertheless continued to request commissions beyond Rolls-Royce's 5% limit. On or about February 26, 2004, a Rolls-Royce sales manager sent an email to his supervisor, Employee 3, referring to the PTTEP officials as "players," and writing:

> "BIG" issue concerns commission, i.e. the 5% (MAX) cap – [Intermediary 4's principal] is concerned how we can resolve this for Arthit [project] since we have several "players" that we need to keep in the team. . . . [Intermediary 4's principal] is concerned he will be left exposed, so we need to try and resolve this "tricky" subject and alleviate his concerns. We still have to work out how much above 5% it will take – should know more soon.

33. Employee 3 replied to the email referenced in Paragraph 32 above by writing: "[r]e commission – I have warned [Intermediary 4's principal]. As you know, he and his friends' expectations must be reduced. . . . I will speak to him myself but you need to warn him of this. The rules have changed since the old days."

34. In an attempt to overcome the Company's new policy limiting sales commissions to 5%, Rolls-Royce, RRESI, Executive, Employee 1, Employee 3, and others, known and unknown, at times disguised commission payments to the advisors, including Intermediary 4, by booking them as separate engineering fees or related expenses, which those advisors never provided, but which could be paid under a separate contract, thus allowing the total amount paid to the advisors to exceed 5%. For example, on or about April 17, 2003, Employee 3 sent an email to Intermediary 4's principal, copying Executive and Employee 1, explaining:

> I know we have reached agreement with you that [Intermediary 4]'s commission on this project will be 6.5% but this cannot be paid under a single agreement with [Intermediary 4] as it will not be allowed by RR Corporate. So – what we need to do is to split it into two parts – one normal commission, for say 4.5%, and the other 2% must be covered under a separate contract for "local Engineering Assistance." . . . [I]t would need to be a separate company, and for a defined scope of work, for which you would invoice RR according to an agreed progress payment schedule.

35. On or about July 9, 2003, Employee 3 sent an email to Executive, providing additional detail on how they were disguising the split: "As you know, we are only showing an agent's commission of 4% in [the Company's accounting software] but in fact our commission is likely to be higher. . . . [T]he total agents' commission can be as high as 7.5%. In order to camouflage this, we hid some money in [the Company's accounting software] which we called 'Engineering Coordination (external)'."

36. From in or around 2003 through in or around 2012, Rolls-Royce, RRESI, Executive, Employee 1, Employee 2, Employee 3, and others, known and unknown, caused RRESI to make corrupt commission payments from RRESI's bank accounts in Mount Vernon, Ohio, located in the Southern District of Ohio, to intermediaries' bank accounts in Thailand and Singapore, with the knowledge that the commission payments, or portions thereof, would be used to bribe a foreign official in furtherance of the corrupt bribery scheme, including the following:

a. Approximately $2,494,728 in total payments for Project GSP-5 between July 24, 2003 and November 16, 2004;

b. Approximately $1,386,389 in total payments for Project OCS3 between January 19, 2006 and January 24, 2008;

c. Approximately $1,096,006 in total payments for Project PTT Arthit between January 19, 2006 and January 18, 2008;

d. Approximately $2,073,010 in total payments for Project PCS between September 29, 2006 and September 11, 2008;

e. Approximately $1,934,031 in total payments for Project ESP-PTT between May 24, 2007 and February 18, 2013; and

f. Approximately $2,287,200 in total payments for Project GSP-6 between March 28, 2008 and November 13, 2009.

Brazil

37. As part of the ongoing conspiracy, from in or around 2003 through in or around 2013, Rolls-Royce, RRESI, and their employees, including Executive, and others, knowingly and willfully caused RRESI to enter into commercial advisor agreements and maintain business relationships with intermediary companies and others, knowing that intermediaries and others had entered into separate agreements to use RRESI's commission payments, or portions thereof, to bribe at least one foreign official, in order to secure an improper advantage and assist RRESI in obtaining and retaining business from Petrobras.

38. For example, in or around April 2003, after RRESI submitted its bid for two Petrobras offshore platform projects called P-51 and P-52, RRESI employees learned that Petrobras had disqualified RRESI's bid for technical reasons. Nevertheless, in or around June 13, 2003, RRESI began engaging Intermediary 5 as a "technical consultan[t] to support [RRESI] in the bidding process" for P-51 and P-52. RRESI and Intermediary 5 agreed that rather than being paid the way advisors normally were paid by RRESI – pro rata when RRESI was paid by the customer – Intermediary 5 was going to be paid 50% of the commission within 90 days of the contract's execution and the remaining 50% within 180 days of the contract's execution.

39. On or about July 11, 2003, Petrobras cancelled the bid and reopened the tender, which allowed RRESI to rebid on the projects and negotiate directly with Petrobras. Throughout July 2003, as RRESI negotiated with Petrobras, Rolls-Royce and RRESI employees, including Executive, shared and discussed confidential competitive information on RRESI's competitors' bids and parallel negotiations with Petrobras, some of which Intermediary 5 had provided to them.

40. In or about early August 2003, despite the fact that direct negotiations between RRESI and Petrobras were not going well, Intermediary 5 appeared confident that he would be able to secure the contracts for RRESI. On or about August 6, 2003, a Rolls-Royce commercial manager sent an email to his supervisor, copying Executive, stating that "[t]he meeting with [Petrobras] did not go too well" and predicting that Petrobras "will show our price to [a competitor] and tell them the job is theirs if they can beat our number." He also noted that the RRESI sales director in charge of the bidding "met with [the intermediary] last night and he still seems to be confident. I'm on the outside of this (which is where I want to remain) and don't share that confidence. The level of their fee is a major contributor to our price increase."

41. On or about August 29, 2003, Petrobras awarded the contracts for both platforms to RRESI. In addition to P-51 and P-52, RRESI used Intermediary 5 to advise it on winning bids for Petrobras projects P-53 in 2005 and PRA-1 in 2004. RRESI also engaged a related intermediary entity controlled by Intermediary 5's principals to advise it on winning bids for Petrobras projects P-56 in 2007 and Mexilhao in 2007.

42. Intermediary 5 used its commissions to bribe an individual whose identity is known to the Rolls-Royce, the Fraud Section, and the Office, who was a manager at Petrobras and a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-2(h)(2)(A) and 78dd-3(f)(2)(A), in order to win the contracts for the P-51, P-52, P-53 and PRA-1 projects.

43. From in or around 2003 through in or around 2013, Rolls-Royce, RRESI, Executive, and others, known and unknown, caused Rolls-Royce to make approximately $9.32 million in commission payments on behalf of RRESI to Intermediary 5 and others, knowing that Intermediary 5 and others had agreed to use RRESI's commission payments, or portions thereof,

to bribe at least one foreign official, in order to secure an improper advantage and assist RRESI in obtaining and retaining business from Petrobras.

Kazakhstan

44. From in or around 2008 through in or around 2009, Rolls-Royce, RRESI, and their employees, including Executive, Employee 1, and others, caused RRESI to enter into commercial advisor agreements and maintain business relationships with Intermediary 1, Intermediary 3, and another intermediary company, knowing that these intermediaries had agreed to use RRESI's commission payments, or portions thereof, to bribe foreign officials, in order to secure an improper advantage and assist RRESI in obtaining and retaining business from AGP.

45. In furtherance of the bribery scheme, employees of Rolls-Royce and RRESI, including Executive, Employee 1, and others, arranged meetings and met multiple times with foreign officials and representatives of foreign officials, including the foreign official that was known to be the intended beneficiary of the bribe payments by Intermediary 3. During several such meetings with that foreign official and his representatives, the terms of RRESI's commission agreement were frequently discussed because, as known by Rolls-Royce, RRESI, and their employees, the foreign official was seeking a higher commission payment to Intermediary 3 so that there would be more money to pay a higher bribe to the foreign official.

46. For example, on or about December 3, 2008, Executive, the principal of Intermediary 3, and others met with the foreign official in London. During the meeting, the foreign official emphasized to Executive that he was the primary decision-maker for contract awards by AGP. The following day, on or about December 4, 2008, the principal for Intermediary 3 emailed Executive describing the foreign official as a "Master of the Game," and explaining that

the foreign official had authorized others to send confidential information from within AGP directly to Rolls-Royce and RRESI.

47. After Intermediary 3 proved its ability to gain access to the foreign official and deliver confidential information from AGP to Rolls-Royce and RRESI, on or about December 27, 2008, Executive sent an email to the principal of Intermediary 3 with an initial engagement letter for Intermediary 3 to be engaged as a commercial advisor for RRESI.

48. On or about January 15, 2009, Employee 1, the principal for Intermediary 3, a representative of a foreign official, and others met in Zurich, Switzerland. During the meeting, the representative of the foreign official demanded a high commission payment from RRESI to provide undefined services as a local partner with access to foreign officials and others and the ability to "fix" problems for Rolls-Royce and RRESI. The following day, on or about January 16, 2009, the principal for Intermediary 3 emailed Executive, Employee 1, and others, to summarize the Zurich meeting and suggest that it would be "necessary in the very short term" for Executive to meet with the foreign official, who was referenced in the email by a code name. The principal for Intermediary 3 also suggested that the meeting was necessary because of the "inadequacy" of RRESI's proposed commission payment to Intermediary 3, and that the "maximum level" of such a commission was "deemed the minimum necessary from [the Kazakh] side."

49. In or around mid-2009, the principal for Intermediary 3 sent an email to Executive and Employee 1, in which the principal explained details of the corrupt bribery scheme, including how the principal intended to use portions of RRESI's commission payments to Intermediary 3 to make bribery payments to a foreign official of AGP.

50. Rolls-Royce, RRESI, Executive, Employee 1, and others continued to meet and discuss how to increase the commission payment to Intermediary 3 without raising red flags

internally at Rolls-Royce or RRESI. For example, on or about June 17, 2009, Executive, Employee 1, and the principal for Intermediary 3 met for several hours in London to discuss this issue. Later, on or about August 13, 2009, Executive and Employee 1 met at the principal's home in Istanbul, Turkey, and agreed to increase RRESI's commission payment to Intermediary 3, with the knowledge that at least a portion of the commission payments would be used to bribe the foreign official at AGP so that RRESI could secure an improper advantage and obtain and retain business with AGP.

51. Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, took steps to conceal the bribery scheme, including by advising Intermediary 3 to send confidential information from AGP and competitors to them at their personal email accounts; using code names to refer to a foreign official; deleting incriminating emails from their personal email accounts; and concealing the bribe payments to a foreign official within RRESI's commission payments to its intermediary.

52. Ultimately, in or around November 2009, AGP awarded contracts to RRESI to supply 11 gas turbine units to AGP Lines A and B for approximately $145 million.

53. From in or around 2010 through in or around 2012, Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, caused RRESI to make corrupt commission payments from RRESI's bank accounts in Mount Vernon, Ohio, located in the Southern District of Ohio, to an intermediary's bank account in the United Kingdom, with the knowledge that the commission payments, or portions thereof, would be used to bribe a foreign official in furtherance of the corrupt bribery scheme, including the following:

a. Approximately $732,877 on or about April 21, 2010;

b. Approximately $177,683 on or about October 1, 2010;

c. Approximately $355,367 on or about December 13, 2010;

d. Approximately $133,218 on or about February 23, 2011;

e. Approximately $177,683 on or about April 18, 2011;

f. Approximately $133,218 on or about September 20, 2011; and

g. Approximately $236,976 on or about March 7, 2012.

54. Later, in or around 2012, AGP also awarded RRESI contract awards to supply gas turbines to AGP Line C. At around this time, Rolls-Royce, RRESI, Executive, and others, known and unknown, corruptly engaged a local distributor of parts and services, knowing that the distributor was beneficially owned by a high-ranking Kazakh government official who would allow Rolls-Royce to continue to obtain and retain business with AGP. For example, on or about April 10, 2012, a local employee of Rolls-Royce in Kazakhstan identified the Kazakh official in an email to other Rolls-Royce employees as a relative of a high-ranking Kazakh official who was also "in charge of oil and gas industry in [Kazakhstan]. So that this company is getting necessary high level support. . ." In a follow-up email two days later, on or about April 12, 2012, another Rolls-Royce employee confirmed that the local distributor was "backed by" the Kazakh official.

55. In total, Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, caused RRESI to enter into corrupt agreements and make a total of at least $5.44 million in corrupt commission payments to multiple advisors, knowing that the commissions, or portions thereof, would be used to benefit foreign officials in exchange for their support in securing an improper advantage for RRESI and assist RRESI in obtaining and retaining business from AGP, including with securing the contract awards for Lines A and B. In addition, Rolls-Royce, RRESI, Executive, and others, known and unknown, caused additional benefits to be conveyed upon a high-ranking Kazakh foreign official, including through the engagement of a local distributor that was beneficially owned by the Kazakh official, in order to secure that

official's support in securing an improper advantage for RRESI and assist RRESI in obtaining and retaining business from AGP, including with securing the contract award for Line C.

56. In total, RRESI made a financial gain, or alternatively made corrupt commission payments, totaling approximately $20 million on the relevant AGP contracts.

Azerbaijan

57. From in or around 2000 through in or around 2009, Rolls-Royce, RRESI, and others, known and unknown, caused RRESI to engage Intermediary 1 as a commercial advisor to influence foreign officials and secure contracts for Rolls-Royce and RRESI to supply turbines to a consortium controlled by SOCAR in Azerbaijan.

58. During this time, Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, regularly obtained confidential information from Intermediary 1. Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, knew that Intermediary 1 used RRESI commission payments, or portions thereof, to bribe foreign officials in Azerbaijan in order to obtain confidential information and win contracts for Rolls-Royce and RRESI.

59. In total, from in or around 2000 through in or around 2009, as a result of the corrupt payments, Rolls-Royce and RRESI won contracts to supply approximately 45 turbines to a consortium controlled by SOCAR, resulting in total profits of over $50 million.

Iraq

60. As part of the ongoing conspiracy, from in or around 2006 through in or around 2008, Rolls-Royce, RRESI, and Executive, knowingly and willfully conspired with others, known and unknown, and agreed to cause RRESI to engage Intermediary 1 in order to make corrupt bribery payments to Iraqi foreign officials, including to foreign officials within SOC. Beginning in or around 2006, Intermediary 1 began making bribe payments to a SOC official in return for that official's promise to provide confidential, inside information from within SOC to secure an

improper advantage to Rolls-Royce and RRESI and help obtain and retain business for Rolls-Royce and RRESI in Iraq.

61. For example, in or around February 2006, an employee within Intermediary 1 received confidential information from a contact within SOC and shared the confidential information with Rolls-Royce and RRESI. After receiving the confidential information, Rolls-Royce, RRESI, and others, known and unknown, agreed to engage Intermediary 1 as a local distributor, whereby Intermediary 1 would purchase gas generators directly from RRESI to resell to SOC.

62. In or around January 2008, RRESI sold three gas generators to Intermediary 1, which then resold the gas generators to the SOC. According to one employee of Intermediary 1, the "approval was achieved at [an] unheard of speed thanks to help from our friends at the Ministry."

63. In or around April 2009, Rolls-Royce and RRESI learned about concerns that SOC officials had with the generators that had been provided to SOC. Thereafter, Intermediary 1 paid bribes to foreign officials within SOC on behalf of Intermediary 1, Rolls-Royce, and RRESI, in order to resolve the issue with SOC and prevent SOC from requesting additional new gas generators and "blacklisting" RRESI. In or around September 2010, SOC formally agreed to keep the turbines it had previously received from RRESI.

64. As a result of the corrupt bribery payments by Intermediary 1, Rolls-Royce and RRESI made a profit of over $1.5 million on the gas generator deal.

Angola

65. From in or around 2008 until in or around 2012, Rolls-Royce and RRESI attempted to secure various projects with SONANGOL in Angola. In 2008, SONANGOL, in consortium with a multinational oil and gas company, entertained bids for the development of Block 31, a

deep-water development off the coast of Angola. Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, attempted to win contract awards for Block 31 without the assistance of Intermediary 1, and did not win the Block 31 bid. The lost revenue on the project was approximately $400 million for RRESI.

66. In or around January 2009, Intermediary 1 created a joint venture with another company to form Intermediary 2, and an executive within Intermediary 1 later referred Intermediary 2 as a commercial advisor for Rolls-Royce and RRESI in Angola.

67. On or about March 19, 2009, Executive, Employee 1, and others, known and unknown, met with employees of Intermediary 2 to secure Intermediary 2's assistance as a commercial advisor to win future contracts with SONANGOL. During the meeting, Intermediary 2 explained to Rolls-Royce, RRESI, Executive, Employee 1, and others, known or unknown, that Intermediary 2 had access to foreign officials at SONANGOL.

68. From in or around December 2009 through in or around November 2011, Rolls-Royce and RRESI entered into approximately four commercial advisor agreements with Intermediary 2. During this time, Intermediary 2 provided confidential information from SONANGOL to Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown. Rolls-Royce, RRESI, Executive, Employee 1, and others, known and unknown, knew that there was a high probability that Intermediary 2 used RRESI commission payments, or portions thereof, to bribe foreign officials at SONANGOL in order to obtain confidential information and win contracts for Rolls-Royce and RRESI. Ultimately, as a result of the corrupt payments, approximately three SONANGOL projects were awarded to Rolls-Royce and RRESI. In total, Intermediary 2 received approximately $2.4 million in corrupt commission payments and Rolls-Royce and RRESI made approximately $30 million in profits in Angola.

Rolls-Royce

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## CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, Rolls-Royce plc (the "Company") has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Southern District of Ohio (collectively, "the Fraud Section and the Office") regarding issues arising in relation to certain improper payments to foreign officials to facilitate the award of contracts and assist in obtaining business for the Company; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Fraud Section and the Office; and

WHEREAS, the Company's General Counsel, Mark Gregory, together with outside counsel for the Company, have advised the Board of Directors of the Company of its rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Fraud Section and the Office;

Therefore, the Board of Directors has RESOLVED that:

1. The Company (a) acknowledges the filing of the one-count Information charging the Company with one count of conspiracy to violate the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, Title 15, United States Code, Sections 78dd-2 and 78dd-3, in violation of Title 18, United States Code, Section 371; (b) waives indictment on such charges and enters into a deferred prosecution agreement with the Fraud Section and the Office; and (c) agrees to accept a monetary penalty against Company totaling of $169,917,710, of which $30,000,000 will be paid to the Consumer Financial Fraud Fund, and to pay such penalty to the United States Treasury with respect to the conduct described in the Information;

2. The Company accepts the terms and conditions of this Agreement, including, but not limited to, (a) a knowing waiver of its rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) a knowing waiver for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Southern District of Ohio; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Fraud Section and the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The General Counsel of Company, Mark Gregory, is hereby authorized, empowered and directed, on behalf of the Company, to execute the Deferred Prosecution Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such changes as the General Counsel of Company, Mark Gregory, may approve;

Rolls-Royce

4. The General Counsel of Company, Mark Gregory, is hereby authorized, empowered and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

5. All of the actions of the General Counsel of Company, Mark Gregory, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: 20 December 2016

By: _____

Darren Kamen
Deputy Company Secretary
Rolls-Royce Plc

## ATTACHMENT C

## CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance codes, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.,* and other applicable anti-corruption laws, Rolls-Royce plc ("Rolls-Royce"), on behalf of itself and its subsidiaries and affiliates, agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, Rolls-Royce agrees to adopt new or to modify existing internal controls, compliance codes, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that Rolls-Royce makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that includes policies and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of Rolls-Royce's existing internal controls, compliance codes, policies, and procedures:

*High-Level Commitment*

1. Rolls-Royce will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policies against violations of the FCPA and other applicable foreign law counterparts (collectively, the "anti-corruption laws") and its compliance code.

*Policies and Procedures*

2. Rolls-Royce will develop and promulgate a clearly articulated and visible corporate policy against violations of the anti-corruption laws, which policy shall be memorialized in a written compliance code or codes.

3. Rolls-Royce will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and Rolls-Royce's compliance code, and Rolls-Royce will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of Rolls-Royce. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of Rolls-Royce in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"). Rolls-Royce shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of Rolls-Royce. Such policies and procedures shall address:

a) hiring;
b) gifts;
c) hospitality, entertainment, and expenses;
d) customer travel;
e) political contributions;
f) charitable donations and sponsorships;
g) facilitation payments; and
h) solicitation and extortion.

4. Rolls-Royce will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the

maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

a) transactions are executed in accordance with management's general or specific authorization;

b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;

c) access to assets is permitted only in accordance with management's general or specific authorization; and

d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

*Periodic Risk-Based Review*

5. Rolls-Royce will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of Rolls-Royce, in particular the foreign bribery risks facing Rolls-Royce, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in Rolls-Royce's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. Rolls-Royce shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure its continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

*Proper Oversight and Independence*

7. Rolls-Royce will assign responsibility to one or more senior corporate executives of Rolls-Royce for the implementation and oversight of Rolls-Royce's anti-corruption compliance codes, policies, and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, Rolls-Royce's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

*Training and Guidance*

8. Rolls-Royce will implement mechanisms designed to ensure that its anti-corruption compliance code, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (*e.g.,* internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to Rolls-Royce, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. Rolls-Royce will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with Rolls-Royce's anti-corruption compliance codes, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which Rolls-Royce operates.

*Internal Reporting and Investigation*

10. Rolls-Royce will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or Rolls-Royce's anti-corruption compliance code, policies, and procedures.

11. Rolls-Royce will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or Rolls-Royce's anti-corruption compliance code, policies, and procedures.

*Enforcement and Discipline*

12. Rolls-Royce will implement mechanisms designed to effectively enforce its compliance codes, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. Rolls-Royce will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and Rolls-Royce's anti-corruption compliance codes, policies, and procedures by Rolls-Royce's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. Rolls-Royce shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance codes, policies, and procedures and making modifications necessary to ensure that the overall anti-corruption compliance program is effective.

*Third-Party Relationships*

14. Rolls-Royce will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a) properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b) informing agents, distributors, and business partners of Rolls-Royce's commitment to abiding by anti-corruption laws, and of Rolls-Royce's anti-corruption compliance code, policies, and procedures; and

c) seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, Rolls-Royce will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, Rolls-Royce's compliance codes, policies, or procedures, or the representations and undertakings related to such matters.

*Mergers and Acquisitions*

16. Rolls-Royce will develop and implement policies and procedures for mergers and acquisitions requiring that Rolls-Royce conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. Rolls-Royce will ensure that Rolls-Royce's compliance code, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with Rolls-Royce and will promptly:

a) train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and Rolls-Royce's compliance code, policies, and procedures regarding anti-corruption laws; and

b) where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

*Monitoring and Testing*

18. Rolls-Royce will conduct periodic reviews and testing of its anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and Rolls-Royce's anti-corruption code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

## ATTACHMENT D

## CORPORATE COMPLIANCE REPORTING

Rolls-Royce plc ("Rolls-Royce") agrees that it will report to the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Southern District of Ohio (collectively, "the Fraud Section and the Office") periodically, at no less than twelve-month intervals during a three-year Term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment B (Corporate Compliance Program). Should Rolls-Royce discover credible evidence, not already reported to the Fraud Section and the Office, concerning any corrupt payments, false books, records, and accounts, or any matter relating to a failure to implement or circumvention of internal accounting controls, Rolls-Royce shall promptly report such conduct to the Fraud Section and the Office. During this three-year period, Rolls-Royce shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two (2) follow-up reviews and reports, as described below:

a) By no later than one (1) year from the date this Agreement is executed, Rolls-Royce shall submit to the Fraud Section and the Office a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve its internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Chief, FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Eleventh Floor, Washington, DC 2053; and Chief, Criminal Division, United States Attorney's Office for the Southern District of Ohio,

303 Marconi Boulevard, Suite 200 Columbus, OH 43215. Rolls-Royce may extend the time period for issuance of the report with prior written approval of the Fraud Section.

b) Rolls-Royce shall undertake at least two (2) follow-up reviews, incorporating the Fraud Section's and the Office's views on the prior reviews and reports, to further monitor and assess whether Rolls-Royce's policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c) The first follow-up review and report shall be completed by no later than one (1) year after the initial report. The second follow-up report shall be completed and delivered to the Fraud Section and the Office no later than thirty (30) days before the end of the Term.

d) The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Fraud Section and the Office determine in its sole discretion that disclosure would be in furtherance of the Fraud Section's and the Office's discharge of its duties and responsibilities or is otherwise required by law.

e) Rolls-Royce may extend the time period for submission of any of the follow-up reports with prior written approval of the Fraud Section and the Office.