

Statement by Rolls-Royce CEO Warren East

ENGLISH

This is an extremely difficult day for all of us at Rolls-Royce.

For more than a century, we have prided ourselves on the excellence of our innovation, on pushing the boundaries of science and delivering on our promises to customers around the world.

But, it is apparent that our standards of business conduct have not always lived up to the high standards we have set with our engineering.

The behaviour uncovered in the course of the investigations by the Serious Fraud Office and other authorities is completely unacceptable and we apologise unreservedly for it.

This was unworthy of everything which Rolls-Royce stands for, and that our people, customers, investors and partners rightly expect from us.

Along with colleagues around the world, I share a sense of disappointment and anger at how some people within our company behaved.

And I know that we all share a determination to see that Rolls-Royce comes out of this episode a better managed business that 'wins right' every time.

Since we first reported concerns to the Serious Fraud Office back in 2012, we have been working closely with the authorities and the UK agreement records our "full and extraordinary co-operation".

We have taken decisive disciplinary action where the rules have been broken.

This has resulted in a number of people leaving the business and we no longer use any of the intermediaries who have been implicated.

The past practices that have been uncovered do not reflect the manner in which Rolls-Royce does business today.

We now conduct ourselves in a fundamentally different way and, as I have said before, we have zero tolerance of business misconduct of any sort.

In recent years, we have taken extensive action to strengthen our ethics and compliance procedures so that high standards of conduct are embedded as an essential part of the way we do business.

Specifically: we have set clear standards for the behaviours we expect of our people and those we do business with.

We have recruited a senior team of ethics and compliance experts and put specialists and trainers within our businesses.

We actively encourage everyone to report concerns and have created new reporting channels including a 24-hour Ethics Line.

We have dramatically reduced the number of intermediaries we employ around the world and ensured that the advisers that we do retain meet our high ethical and compliance standards and understand exactly what

is expected of them.

All this work has been overseen by Lord Gold, an expert in ethics and compliance with extensive experience who we appointed in 2013.

He continues to work with us and when he completes his final report we will publish it.

Trust is essential to our business. I believe that winning ethically, transparently and fairly is the only way to win business sustainably.

That is how Rolls-Royce acts today and will operate in the future.

Closing this chapter in the Rolls-Royce story will cause pain in terms of a very significant financial penalty, and the impact on our reputation.

But I remain confident that we have a great future.

Our underlying skills and capabilities are as strong as ever, we are well positioned in long-term growth markets and see exciting opportunities ahead.

We are a resourceful, committed and pioneering company full of determined and inspiring people who create products that lead the world.

By harnessing that talent, we will emerge as a more trusted, resilient and better managed business.