

Gifts and Hospitality Policy

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ITP Aero is part of the Rolls-Royce group of companies and is subject to the same standards of behaviour as the rest of Rolls-Royce. ITP Aero has adopted this Policy based on the equivalent Rolls-Royce Group Policy. This Policy is mandatory and applies to all employees and workers of ITP Aero, including the parent company and all its subsidiaries. This Policy sets the minimum standard that must be followed. Where local laws, regulations or rules impose a higher standard, that higher standard must be followed.

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Introduction

ITP Aero offers and accepts Gifts and Hospitality as an appropriate business practice. However, improper or excessive Gifts and Hospitality can be a form of bribery or corruption, which is prohibited under ITP Aero policies and by law. Improper offers and acceptance of Gifts and Hospitality can cause serious harm to ITP Aero and Rolls-Royce.

ITP Aero is part of the Rolls-Royce group of companies and so is subject to equivalent standards of behaviour to the rest of Rolls-Royce. ITP Aero has adopted this Gifts and Hospitality Policy (“Policy”) based on the Rolls-Royce Gifts and Hospitality Policy. It contains the same fundamental requirements, but is appropriately amended to reflect the fact that ITP Aero remains a corporate entity and does not have access to all of the Rolls-Royce policies, processes and systems, which rely upon a network connection. In spite of this, ITP Aero employees are expected to adhere to these equivalent standards.

This Policy is mandatory and applies to all employees of ITP Aero and its subsidiaries (“ITP Aero” or “Company” or “employees”). This Policy sets the minimum standard that must be followed. Where local laws, regulations or rules impose a higher standard, that higher standard must be followed. Breaches of the ABC Policies, including this Policy, are not acceptable and may result in disciplinary action up to and including dismissal.

This Policy:

- Provide a framework for our approach to Gifts and Hospitality
- Sets out our Gifts and Hospitality standard

Your responsibility

To read, understand and comply with this policy;

Raise any questions or concerns you might have. There is advice on how you can do so in Section 2.

Your manager’s responsibility

To understand this policy and make sure that they do not ask you to work in a way that contravenes it.

Common terms

Gift

Anything of value offered, or given to, or received from, a person or entity outside of ITP Aero or Rolls-Royce, that is not Hospitality.

Hospitality

Any form of travel, food, drink, accommodation, entertainment, cultural or sporting event (participating or watching), offered to or by, or given to, or received from, a person or entity outside of ITP Aero or Rolls-Royce.

Gift + Hospitality (G+H)

Any Gift, Hospitality or Gift and Hospitality combined as a single event. A single event may be for several days, for example a visit as in section 1.9.

G+H Report

Any report detailing the offering, giving or receiving of G+H as specified in this Policy.

First Approver

The ITP Aero leader who approves the expenses of another employee.

Second Approver

The ITP Aero leader who approves the expenses of another employee after the First Approval.

See detailed table in section 1.10 for more information.

State-Owned Company

A company which is more than 49.5% owned or controlled, directly or indirectly, by a government or government body. Any entity owned or controlled in part by more than one government shall be a State-Owned Company if their combined ownership or control exceeds 49.5% even if no single government owns more than 49.5%.

Government Official:

Includes any:

- Officer or employee, or anyone acting on their behalf, of any department, agency or instrument of a government (at any level), including foreign governments. This includes (but is not limited to) employees and members of the military, para-military, security services, police force, customs, border patrol, legislatures and judicial system of any country;
- employee of a company which is more than 49.5% state-owned;
- political party and any officer, employee or other person acting on behalf of a political party
- candidate for public office;
- elected political representative;
- member of a ruling or royal family;

- officer of any body, whether public or private, that has delegated powers to administer public funds;
- officer or employee of a public international organisation (e.g., the United Nations, the World Bank);
- special adviser to governments, or individual government officials, whether paid or unpaid, formal or informal; and
- family member of any of the above

Company

This means any company within the *ITP Aero* group, including the parent company (*Industria de Turbo Propulsores S.A.U.*) and its wholly owned subsidiaries or any other company in which they have a controlling and/or majority shareholding.

ITP Aero

This means, as applicable, either the whole *ITP Aero* group or any Company thereof as defined above.

1 ITP Aero Gifts and Hospitality Policy

1.1. Offering, giving or receiving G+H

Any G+H you offer, give or receive in connection with ITP Aero or Rolls-Royce business must:

1.1.1. Be given as a legitimate, justified business courtesy and never in exchange for obtaining an inappropriate advantage or benefit;

1.1.2. Be given in an open manner and not create an expectation that you or ITP Aero or Rolls-Royce will give or receive something in return;

1.1.3. Be in good faith and reasonable in value and frequency;

1.1.4. Be compliant with any applicable laws, rules and regulations;

1.1.5. Be paid for by the most senior ITP Aero or Rolls-Royce employee involved with the G+H (when giving G+H);

1.1.6. Be expensed in accordance with the appropriate business expense policies and procedures (when giving G+H);

1.1.7. Be approved in writing in advance (where approval is required by this Policy). If advance approval is not possible then approval must be requested as soon as possible and, in any event, not more than 30 days after the G+H. In addition, when submitting your G+H

Report, you must explain why advance approval was not obtained.

1.1.8. Not influence or appear to influence the independence of the giver or receiver of the G+H;

1.1.9. Not be cash (or cash equivalents such as vouchers, gift cards, credit cards or credit notes);

1.1.10. Not be lavish, offensive or inappropriate; and

1.1.11. Not be in the form of per diem or daily payments (unless with the prior, written approval of Ethics & Compliance which will only be provided if there is a legitimate government directive requiring such payments). If any contract requires per diem or daily payments, written approval of Ethics & Compliance is needed before the contract can be signed.

Sponsorships and donations are not covered by this Policy, but are dealt with via separate policies and procedures.

1.2. All employees

You must:

1.2.1. Not deliberately structure an arrangement in order to avoid the requirements of this Policy;

1.2.2. Not offer, give or accept tickets to, entertainment, cultural or sporting events without both the giver and receiver attending; and

1.2.3. Not offer or give to, or accept from, a business contact of ITP Aero or Rolls-Royce any G+H in your personal capacity in order to avoid the requirements of this Policy.

1.3. CEO, Executive Directors, Heads & Managers (ITP Aero Leaders)

You must:

1.3.1. Review and approve G+H in writing in accordance with the requirements of this Policy; and

1.3.2. Review G+H Reports created by your team.

1.4. G+H limits, approval and report requirements

You may offer, give or receive G+H (values are per person per event):

1.4.1. **less than €100 or equivalent in the local currency**, without a G+H Report if the G+H is not subject to Sections 1.5 to 1.7.

1.4.2. **from 100€ to 200€:**

- You must create a G+H Report; and
- Your First Approver must approve the G+H.

1.4.3. **More than 200€:** in addition to the requirements at Section 1.4.2 your Second Approver must approve the G+H.

1.5. Government Officials and State-Owned Companies

To offer or give G+H (values are per person per event) to a Government Official or an employee or representative of a State-Owned Company.

1.5.1. **Up to 200€:**

- You must create a G+H Report; and
- Your First Approver must approve the G+H.

1.5.2. **More than 200€:**

- you must create a G+H Report;
- your First Approver must approve the G+H;
- your Second Approver must approve the G+H; and
- Ethics & Compliance must approve the G+H.

1.5.3. The requirements at Section 1.5.1 do not apply to low value refreshments.

1.6. Spouses

To offer or give G+H (values are per couple per event) to a spouse or partner of a business contact or someone without an obvious business connection:

1.6.1. Up to 200€:

- you must create a G+H Report; and
- your First Approver must approve the G+H.

1.6.2. More than 200€:

- you must create a G+H Report;
- your First Approver must approve the G+H;
- your Second Approver must approve the G+H; and
- Ethics & Compliance must approve the G+H.

1.6.3. The requirements at Section 1.6.1 do not apply to low value refreshments.

- You must attach the contract extract to the G+H Report.

1.7.2. More than 200€:

- you must create a G+H Report;
- your First Approver must approve the G+H;
- your Second Approver must approve the G+H;
- Ethics & Compliance must approve the G+H; and
- You must attach the contract extract to the G+H Report.

1.7.3. The requirements at Section 1.7.1 do not apply to low value refreshments.

1.7. Contracts

On occasions, ITP Aero enters into contracts that require us to provide G+H, in particular travel, accommodation and subsistence (for example, as part of a site or factory visit or training programme). To provide G+H in this contest (values are per person per event):

1.7.1. Up to 200€:

- you must create a G+H Report; and
- your First Approver must approve the G+H; and

1.8. G+H Reports

Where you are required to create a G+H Report through the ITP Aero intranet workflow:

1.8.1. You must create the G+H Report in advance and, if you are not able to do it, within 30 days from the receiving or giving of the G+H

1.8.2. When ITP Aero has given G+H, the G+H Report must be created in the name of the most senior employee involved;

1.8.3. Each employee receiving G+H that requires a G+H Report must create a G+H Report in their own name;

1.8.4. You must not include any government classified or restricted information in a G+H Report; and

1.8.5. If you are not sure if you are permitted to include details of a programme or individual in your G+H Report, contact Information Management Compliance Manager.

1.9. Visit Conditions

Where ITP Aero is considering paying for G+H as part of a visit over one or more days, for example a customer visit to an ITP Aero site:

1.9.1. It is necessary to fulfil the following conditions:

- a. ITP Aero or Rolls-Royce personnel must always be in attendance for the visit and any associated Hospitality;
- b. the visit must be to an ITP Aero or Rolls-Royce facility, a customer facility or to a location at which an ITP Aero or Rolls-Royce product is located or from which an ITP Aero or Rolls-Royce service is provided;
- c. there must be a clear business purpose and itinerary for the whole of the visit;
- d. travel and accommodation must not be booked or paid for directly or indirectly by ITP Aero;
- e. payments must not be made directly to the business contact, in any form, including cash, cash equivalents or to a bank account;

f. personal expenditure (for example, newspapers, minibar, personal travel or sightseeing) must not be paid for ITP Aero; and

g. disproportionate free time must not be added to the beginning or end of the visit and, in any event, that free time must not be at the expense of ITP Aero.

1.9.2. In case any of the conditions from section 1.9.1 were not fulfilled, it would be necessary to obtain approval in writing in advance by your Second Approver and Ethics & Compliance:

1.10. Policy summary

Giving or receiving G+H (values are per person per event in euros or equivalent currency)		Requirements
Cash or cash equivalents		Never permitted
G+H that can be considered lavish, offensive or inappropriate		
G+H that is not compliant with applicable laws, rules and regulations		
G+H that is intended to influence, or could be perceived as intended to influence, the giver or receiver		
Per diem or daily payments		Required by a legitimate government directive; and Ethics and Compliance approval
G+H to: <ul style="list-style-type: none"> a Government Official or employee of a State-Owned Company or to a spouse, partner or person without a business connection (financial limit applies to the couple) or required by a contract 	200€ (*) or less	G+H Report; and First Approver approval
	more than 200€ (*)	G+H Report; First Approver approval; Second Approver approval; and Ethics and Compliance approval;
All other G+H	less than 100€ (*)	No specific approvals or G+H Report
	100€ to 200€ (*)	G+H Report; and First Approver approval
	more than 200€ (*)	G+H Report; First Approver approval; and Second Approver approval.

(*) Not applicable to low value refreshments

Authorising person			
	First Approver	Second Approver	Ethics & Compliance
Any employee	ITP Aero leader immediately above (Manager or superior)	ITP Aero leader immediately above of the First Approver	Ethics & Compliance Manager
Any employee who reports to CEO	CEO	-	Head of Ethics
CEO	Head of Ethics	-	Head of Ethics

Note: The Head of Ethics will be Organization and Resources Executive Director, except in G+H authorized by him. In these cases, should be HHRR Director.

2 Where to find out more

If you have any questions or need further information, you can contact:

- Name: Belén González Villajos
Role: ITP Aero Ethics & Compliance Manager
Address: Industria de Turbo Propulsores S.A., Francisca Delgado, 9, 28108, Alcobendas, Madrid
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Email: belen.gonzalez@itpaero.com
- Name: Manuel P. González San Segundo
Role: ITP Aero Executive Director of Organization & Resources
Address: Industria de Turbo Propulsores S.A., Francisca Delgado, 9, 28108, Alcobendas, Madrid
Telephone: +34 912 060 144
Mobile: +34 607 428 158
Email: manuel.gonzalez@itpaero.com
- The ITP Aero Ethics Line
Available at the intranet ecm.itpaero.com and the website www.itpaero.com

3 Other documents you should read

- The *ITP Aero* Code of Conduct
- The ABC Policies and guidance documents on the *ITP Aero* intranet Ethics & Compliance site