

Rolls-Royce plc

ROLLS-ROYCE GLOBAL COUNCIL

1. INTRODUCTION

As an international company with businesses, customers and employees located throughout the world, Rolls-Royce and its employee representatives recognise the value in developing a Global Council covering all employees in the Group. The purpose is to enable consultation and the sharing of information on Company wide issues and transnational matters.

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The aim is to improve the quality of consultation and communication through regular and interactive discussion between the Company and employee representatives based on trust, mutual respect, and shared understanding for the benefit of the Company and employees.

The Company will provide information and will consult with employee representatives in a way that enables opinions to be considered before decisions are reached.

The Global Council also provides employee representatives with the opportunity to share information and views with each other and to promote discussion with the Company on global and transnational issues.

Rolls-Royce and the Global Council will respect the diverse and international nature of the Company and the many different cultures within.

2. SCOPE

All Rolls-Royce businesses that it controls and employees in all countries where the Company is located [as listed in appendix (i)]

The Global Council will be a consultative forum. It will not involve any form of negotiation, collective bargaining or dealing; existing arrangements within businesses and plants are not affected or changed in any way.

The following topics will form the basis for information and consultation where they have Company wide or transnational nature:

- The structure, economic and financial situation
- The probable development of the business and of production and sales
- The situation and probable trend of employment and investments
- Introduction of new working methods or production processes
- Transfers of production, mergers and acquisitions, cut-backs or closures of undertakings, establishments or important parts thereof
- Collective redundancies
- Employment Policy
- Health and Safety
- Learning and Development

The Company will provide information and consultation on the effect of a merger, disposal, sale or acquisition as early as it can having taken account of financial regulations, statutory requirements, and commercial sensitivity.

The Company and Executive Committee can agree to add other items for discussion as and when appropriate.

3. STRUCTURE AND COMPOSITION

The structure of representatives on the Global Council is detailed in appendix (ii).

Any change to the structure or number of representatives will be agreed between the Company and the Executive Committee.

In the event of a merger, disposal, sale or acquisition, the existing structure of the Global Council will continue until new arrangements are reached.

The members of the Global Council will elect a Chairperson and Deputy Chairperson.

The Company will appoint a co-ordinator as a point of contact for communication and organisation of meetings and arrangements.

4. SELECTION OF EMPLOYEE REPRESENTATIVES

For countries within the European Economic Area (EEA), employee representatives will be appointed or elected in accordance with national law and/or custom and practice in each country.

For countries outside the EEA the process for appointment or election will be agreed between the Company, Executive Committee and employees or their representatives in each country.

All employee representatives on the Global Council will be permanent employees with a minimum of one years continuous service.

Each representative should have a deputy appointed through the same selection process.

The UK constituencies for employees in jobs covered by trade union representation arrangements and the constituencies for employees in jobs not covered by trade union representation arrangements are listed in appendix (iii).

The process for determining Global Council representatives for employees in non trade union areas in North America is covered in appendix (iv).

5. **PERIOD OF APPOINTMENT**

The term of office for representatives will be determined in accordance with national legislation or practice. Where none exists, the period of appointment will be 4 years.

6. **EXECUTIVE COMMITTEE**

To support regular dialogue and sustain effective consultation with the Company, the Global Council will during the first meeting elect an Executive Committee of 8 representatives.

The role of the Executive Committee will involve:

- Preparing for forthcoming meetings
- Reviewing the preceding meeting
- Reviewing meeting arrangements, including the date and venue of the meetings
- Coordinating and agreeing the agenda items
- Selecting an expert adviser
- Resolving any problems over the interpretation and application of the agreement
- Preparing and agreeing the report of meetings and summary report, and any employee communiqué
- Attending extraordinary meetings
- Being the first point of contact with the Company where issues of transnational importance arise for discussion outside the framework of regular meetings

A chair person will be appointed from the Executive Committee responsible for:

- Chairing meetings of the employee representatives, including pre-meetings and post meetings
- Leading on behalf of the employee representatives during Global meetings

There will be one meeting of the Executive Committee and the Company before Global Council meetings.

The Executive Committee is accountable to the Employee Representatives.

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7. **MEETINGS**

The Global Council will meet in a Forum with the Company at least twice a year, held as soon as possible after the half year and full year financial results.

The day preceding the Global Council Forum will be set aside for a meeting of employee representatives.

A post meeting of the employee representatives may be held on the day of or day after the Global Council Forum.

The Company and Executive Committee will meet at least 4 weeks before the Global Council meeting to discuss and agree the agenda.

The agenda and supporting documentation will be available to the representatives at least two weeks before the Global Council meeting.

The language of the meeting will be English. All documents including the agenda, supporting papers and the definitive record of Forum meetings will be in national languages. Interpretation at scheduled preparatory meetings, Forum meetings, post meetings and Executive Committee meetings will be provided. The provision of translation facilities will be arranged centrally by the Company.

Where possible, the meeting will be arranged to avoid weekend travel.

The venue, hotel accommodation and the provision of translation facilities will be arranged centrally by the Company in consultation with the Executive Committee.

All reasonable expenses and costs incurred in the course of the proper functioning of the Global Council be borne by the Company. Travel expenses of employee representatives will be borne by the local business.

A corporate credit card will be available for each delegate. Where it is not possible to do so a cash advance will be made. Employee Representatives will not be expected to incur any financial loss while attending the Global Forum; this will be agreed locally.

Where issues for information and consultation arise outside the framework of the main Global Council meetings, a meeting between the Company and the Executive Committee will be arranged.

8. EXTRAORDINARY MEETINGS

Exceptional circumstances apply where Company wide or transnational issues arise affecting employees' interests to a considerable extent (e.g. relocations, closures, redundancies). In this event, an Information and Consultation meeting of the Company, Executive Committee and those Global Council representatives representing the employees whose interests are significantly and directly affected will be arranged.

Where there are exceptional circumstances the meeting can be called by either the Company or the Executive Committee.

The Company representatives will be of an appropriate seniority and able to make or change decisions.

The Executive Committee may call upon an expert adviser of their choice.

Provisions regarding the issuing of agenda and documentation in advance of the meetings will apply to meetings held to discuss exceptional circumstances. The provision of translation facilities will be arranged centrally by the Company in consultation with the Executive Committee.

9. USE OF EXPERTS

The Global Council can draw upon the support of experts of its choice.

The Company will meet reasonable costs for the support of one expert. Where more than one expert is involved, the additional costs will be agreed with the Company.

10. COMMUNICATION

After each Global Council meeting, an agreed communication will be issued to employees summarising the main discussions.

A summary report highlighting the key issues discussed at the Forum meeting will be prepared and agreed between the Company and the Executive Committee immediately following the Global Council meeting. The summary report will be prepared in English.

The summary report will be issued to all employee representatives and company representatives for onward communication to all employees using normal communication channels. Local businesses will be responsible for arranging translation into national languages.

Business forums will also be arranged locally to support the communication of the main issues together with further information and issues specific to the business. Senior representatives of the Company and the relevant Global Council members will agree the arrangements and agenda locally.

11. FACILITIES FOR REPRESENTATION

Employee representatives will be given reasonable time and appropriate facilities to carry out their role, including the use of telephone, fax, e-mail and the internet. These facilities can be used confidentially by employee representatives within existing Company policies.

Where an employee representative covers a number of locations in country, site visits can be arranged when appropriate.

12. TRAINING

The Company will fund appropriate training for Global Council members, both individually and as a group. The Executive Committee will discuss and agree training requirements with the Company. The role of the Trade Unions and non trade union organisations will be recognised for training.

13. CONFIDENTIALITY

When confidential information is discussed, this will be respected and not disclosed.

The Executive Committee may challenge confidential information as set out in The Transnational Information and Consultation Regulations (TICE) 1999.

14. **PROTECTION FOR REPRESENTATIVES**

Employee representatives will neither be advantaged nor disadvantaged by their role on the Global Council. Members of the Global Council will have the same protection provided by National Law and Practice of their country of employment in respect of discrimination and equality of opportunity.

15. **DURATION OF AGREEMENT**

This agreement will be reviewed after 2 years and every 4 years thereafter.

Should either party wish to end this agreement, written notice of no less than 6 calendar months is required. Should this agreement be terminated each party will, in good faith, commit to negotiate with the aim of reaching a new agreement within 6 months of the termination. In the event that no agreement is reached after the 6 month period, both parties agree to proceed to the resolution procedure in this agreement. Should no agreement be reached the provisions of the EWC directive will apply.

16. **RESOLUTION PROCEDURE**

The Company and Executive Committee will first try to resolve amicably any disagreements that arise concerning the interpretation or application of this agreement in the first instance.

If unresolved, the Employee Representatives may request an expert of their own choice.

Failing resolution in respect of any disagreement then either party may take the matter to the English Courts.

This agreement is governed by the laws of England and Wales.

17. **EUROPEAN DIRECTIVES**

This agreement has been negotiated within the spirit of European Union Directives 94/95 EC and 97/74 EC, and is established within the scope of The TICE Regulations 1999.

SIGNATORIES TO THE GLOBAL COUNCIL AGREEMENT

COMPANY REPRESENTATIVES

John Rivers
Director – Human Resources

John McKell
Director of Employment Policy

John Gill
Executive VP Human Resources
Rolls-Royce North America

Stefan Meindl
Human Resources Director
Rolls-Royce Deutschland

Terry Stock
Director of Human Resources
Marine

Ron Edwards
Director of Human Resources
Defence Aerospace

SNB REPRESENTATIVES

John Wall
IMF Appointed Expert

Mike Threlfall
SNB Representative
Deutschland

Johannes Rise
SNB Representative
Norway

Per Stjernborg
SNB Representative
Sweden

Raimo Lehtonen
SNB Representative
Finland

Andrzej Sobierajski
SNB Representative
Poland

SIGNATORIES CONTINUED

COMPANY REPRESENTATIVES

Ricardo Thomazi
HR Manager
Rolls-Royce Brazil

SNB REPRESENTATIVES

Tam Mitchell
SNB Representative UK

SNB REPRESENTATIVES CONTINUED

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Jon Brough
SNB Representative UK

Steve Wright
SNB Representative UK

Cath Henzell
SNB Representative UK

David Mills
SNB Representative UK

Tony Holme
SNB Representative UK

Alastair Fraser
SNB Representative UK

Barbara Clancy
SNB Representative
Canada

Ghislain Tremblay
SNB Representative
Canada

Bob Woodcock
SNB Representative USA

Andy Campbell
SNB Representative USA

Vicente Jose dos Santos
SNB Representative
Brazil

APPENDIX (i)

GLOBAL COUNCIL – NOS EMPLOYED WORLDWIDE BY COUNTRY

COUNTRY	NOS EMPLOYEES
Australia	27
Brazil	330
Canada	1632
China	32
Czech Republic	2
Denmark	48
Finland	330
France	34
Germany	1854
Holland	77
Hong Kong	8
India	86
Indonesia	4
Italy	50
Japan	10
Korea	68
Malaysia	3
Nigeria	1
Norway	1934
Phillipines	23
Poland	342
Russia	1
Saudi Arabia	2
Singapore	105
Spain	55
Sweden	398
Thailand	4
UAE	3
UK	20832
United States	6191
Venezuela	3
Total	34488

APPENDIX (ii)

Composition of the Global Council

The Global Council consists of the following representatives:

Rolls-Royce UK	17 TU nominated + 3 non TU representatives
Rolls-Royce USA	2 TU nominated + 4 non TU representatives
Rolls-Royce Canada	2 TU nominated + 1 non TU representatives
Rolls-Royce Germany	3 employee representatives
Rolls-Royce Norway	3 employee representatives
Rolls-Royce Sweden	1 employee representative
Rolls-Royce Finland	1 employee representative
Rolls-Royce Poland	1 employee representative
Rolls-Royce Brazil	1 employee representative
Rolls-Royce India	1 employee representative
Rolls-Royce Singapore	1 employee representative

The Norwegian representative will cover Denmark, Czech Republic, Spain and Italy.

The German representative will cover France and Holland.

The representative from Singapore will cover Australia, China, Hong Kong, Indonesia, Japan, Korea and the Phillipines.

Amendments to the above resulting from changes in the worldwide structure of the Company workforce are to be agreed between the Global Council and the Company.

APPENDIX (iii)

GLOBAL COUNCIL – TRADE UNION CONSTITUENCIES IN THE UK

LOCATION	CIVIL	DEFENCE	MARINE	ENERGY	ARO	OPS	E&T	PROC	TOTAL
EK					1				1
Hillington						1			1
Sunderland						1			1
Barnoldswick						1			1
Derby Including Hatton Denby Annesley	2		1		1	2			6
Ansty				1	1	1			3
Bristol		1	1			1			3
Dunfermline Newcastle Manchester Bedford			1						1

APPENDIX (iii) cont

GLOBAL COUNCIL – TRADE UNION CONSTITUENCIES IN THE UK

1. Helensborough, Barrow, Thurso to be grouped with Derby Marine
2. ARO at Bristol to be grouped with Ansty ARO
3. Pershore, Liverpool works, and Crewe to be grouped with Ansty Energy
4. Portsmouth, Weymouth and Helensborough to be grouped with Bristol Marine
5. E&T and Procurement & Controls at Derby to be covered by the Derby reps

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APPENDIX (iii) cont

GLOBAL COUNCIL – NON TRADE UNION CONSTITUENCIES IN THE UK

The constituencies for the council representatives will be set on the following geographical basis:

- One employee representative for Scotland, the North East and the North West
- One employee representative for Barnoldswick, Derby, and other locations in the East Midlands
- One employee representative for Ansty, Bristol, London and any other locations in the South

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APPENDIX (iv)

Rolls-Royce GLOBAL COUNCIL APPOINTMENT FRAMEWORK FOR NORTH AMERICA

A Appointment of Trade Union Representatives and Alternates

The United States and Canada will follow the internal protocols of the respective union organisations i.e. UAW for Indianapolis, the IAM for Mount Vernon and Montreal.

B Appointment of Non Trade Union Representatives

The following framework will apply:

1. Any non managerial employee can volunteer for consideration
2. Nominations are also acceptable from non managerial employees

Canada

In Canada candidates will be determined by election. Employees entitled to vote will be non unionised employees working in non management functions (e.g. engineers, professionals and some specific technical people).

USA

In the United States a Regional Steering Group (RSG) will be set up comprising the following. The Executive Vice President of Human Resources for Rolls-Royce North America and two HR Directors/Managers. The expert adviser to the Global Council and two senior union representatives, one from Indianapolis and one from Mount Vernon.

The RSG

The Regional Steering Group will be responsible for:

1. Establishing qualifications for Global Council membership.

General criteria will include:

- Company service – minimum 1 year
- Business understanding (training provided, if required)
- Effective communication skills
- Selectee and alternate, where possible, should be incumbent from the most prominent part of the organisation

2. Review of the qualification and/or profile for each member of the Local Selection Panels.
3. Review and approval of the final list of Global Council nominees.

Local Selection Panels

1. Selection panel members shall be chosen through methods that allow for unbiased selection.
2. Local Selection Panel will receive, review, evaluate and agree on nominees.
3. Each panel should consist of a minimum of three and a maximum of five members.
4. The local selection panel can refer to the RSG for advice and guidance.

C Communication

The communication about the Global Council and the process for determining representatives from non union areas in the United States will be developed by the Regional Steering Group.