

Rolls-Royce Holdings plc**Board Diversity Policy**

(approved 19 February 2024)

1. Purpose

The Group's ambition is to build and sustain an inclusive culture and diverse workforce. This policy reflects our approach to achieving a similarly diverse and inclusive Board of Directors.

2. Policy Statement

- 2.1 All Rolls-Royce employees are expected to comply with the provisions of the Group's People Policies (which include the Rolls-Royce Global Diversity & Inclusion Policy and the Rolls-Royce Anti-Discrimination Policy). This policy extends these provisions to the Board and will capture the requirements of the UK Corporate Governance Code (as amended by the FRC from time to time), together with the recommendations from the FTSE Women Leaders Review.
- 2.2 The Board believes that increasing diversity at the Board level is an important part of achieving its strategic objectives and to attract and retain the best people. When considering candidates, the Nominations, Culture & Governance Committee (the Committee), on behalf of the Board, will take into account factors such as professional experience, skills, education, international and industry knowledge, gender and ethnicity.

3. Objectives

- 3.1 The Board will ensure that it is made up of an appropriate mix of skills, experience and knowledge required to effectively oversee and support the management of the Company.
- 3.2 The Board aims for gender parity provided that this is consistent with the prevailing skills and diversity requirements of the Group as and when seeking to appoint a new Director to the Board. It is recognised that there will be periods of change on the Board and that parity may not always be achieved for periods of time while the Board is refreshed. It is also the Board's intention that at least one senior Board member will be a woman (Chair, Senior Independent Director, Chief Executive or Chief Finance Officer); and to have at least one Board member from a non-white ethnic minority background.
- 3.3 With regards to the diversity of the Board's key committees, it is the Board's intention to maintain an appropriate balance in respect of gender and ethnicity with respect to the committees' members, ensuring that the nationality requirements of the Company's Articles of Association are complied with, the principles of the UK Corporate Governance Code (as amended by the Financial Reporting Council from time to time) are met and that the membership provides the professional experience and skills required for the success of the committees.
- 3.4 The Board will also support and monitor Group activities to increase the percentage of senior management roles held by women, and other under-represented groups across the Company, in line with the Company's published target. These activities include the hiring of diverse external senior managers and internal promotion activity but also continued emphasis on diverse pipeline, graduate and apprentice recruitment to support this objective long term.

3.5 The Committee, on behalf of the Board, will monitor, challenge and support internally set targets for diversity and inclusion at all levels across the organisation.

4. Responsibility

4.1 The Committee, on behalf of the Board, will be responsible for the implementation and delivery of this policy.

4.2 When recruiting Board candidates, the Committee will instruct search consultants to identify, as a priority, both female candidates and candidates from non-white ethnic minority backgrounds who meet the skills and experience brief.

4.3 The Committee will only engage search firms that have signed up to the Voluntary Code of Conduct for Executive Search firms when recruiting Board candidates^{5/2}.

5. Reporting

5.1 This policy will be included on the Group's website.

5.2 The progress made towards achieving the Group's objectives on diversity and inclusion will be disclosed in the Company's Annual Report.

6. Review of the Policy

6.1 The Committee will keep this Policy under review to ensure its effectiveness and alignment with best practice and the requirements of the UK Corporate Governance Code and any other relevant legislation and/or regulation.

6.2 The Committee will recommend any required revisions to the Board for approval.