

UK Ethnicity Pay Report 2024

Rolls-Royce Holding plc

Choosing to report our 2024 ethnicity pay gaps

We are voluntarily publishing our ethnicity pay gap for the fourth time running in 2024 and will publish this each year going forwards. We have followed the gender pay gap reporting methodology and have used the same snapshot date of 5 April 2024. With the latest UK Government guidelines, this is the first year when we can compare our figures to previous year's.

Our ethnicity pay gap is primarily driven by two factors – relatively low representation of employees from ethnic minority backgrounds at senior levels, and higher levels of representation in junior professional and factory staff roles. We continue to reinforce a culture of meritocracy to drive high-performance and business transformation.

Our Workforce

Rolls-Royce's ethnicity pay gap data was collected on the snapshot date of 5 April 2024. At this time there were 21,316 people within our UK workforce. 85.9% (18,314) of our people openly disclosed their ethnicity to us. Of those, 86.5% (16,240) are white (including white British, white Irish and any other white backgrounds) and 11.2% (2,103) are from other ethnic backgrounds (black, Asian, mixed, other). 2.3% have preferred not to say anything. We are pleased to have such high voluntary disclosure rates to help us to monitor our progress as an organisation.

Pay difference in between ethnic groups /all our full paid relevant Rolls-Royce employees in the UK as of 5th April 2024/

Our mean ethnicity pay gap

We add together all the hourly pay rates of colleagues who report their ethnicity as being a certain ethnicity group. We then divide this total pay figure by the number of individuals in each ethnicity groups. Comparing these figures to each other is the mean ethnicity pay gap. For example, in 2024, the average pay for an Asian person was 9.56% less per hour than the average pay for a white person; whilst it was 3.17% more per hour than the average pay for a person from the black ethnic group. These gaps mean that on average for every £1 an Asian person earns, a white person will earn 109.56p, whilst a person from the black ethnic group will earn 96.83p. We are working to improve representation of employees from ethnically diverse backgrounds at all levels within our organisation but increasing representation in senior roles will be key to closing the pay gap. We are focusing on the development of internal talent pools and external recruitment to do this.

Mean Pay Gap (2023)	White	Black	Asian	Mixed	Other	Prefer Not to Say
Black	12.34% 13.49%					
Asian	9.56% 8.26%	-3.17% -6.05%				
Mixed	10.45% 9.19%	-2.15% -4.98%	0.98% 1.01%			
Other	12.85% 13.12%	0.59% -0.42%	3.64% 5.30%	2.68% 4.34%		
Prefer Not to Say	-7.70% -6.92%	-22.86% -23.60%	-19.09% -16.55%	-20.27% -17.74%	-23.59% -23.08%	
Not Disclosed	9.58% 8.87%	-3.15% -5.34%	0.02% 0.67%	-0.97% -0.35%	-3.76% -4.90%	16.04% 14.77%

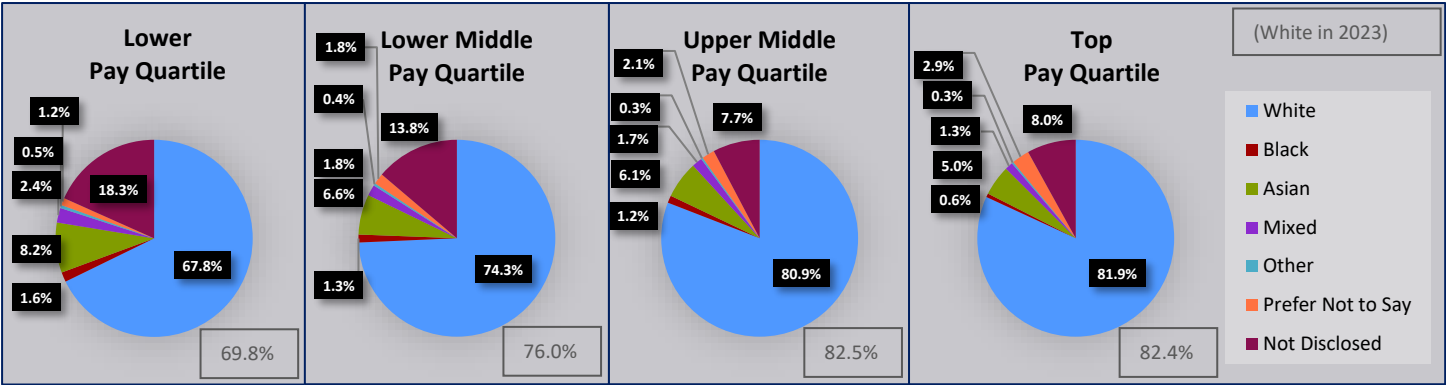
Our median ethnicity pay gap

We rank all our colleagues by their hourly pay within each ethnicity group and pick the employee with the hourly rate in the middle of the pay range of each group. Comparing these middle figures from all ethnicity groups to each other is the median ethnicity pay gap. For example, in 2024, the person in the middle of our mixed ethnic group's pay range received 5.52% less than the person in the middle of our white ethnic group's pay range but 2.89% more than the person in the middle of our black ethnic group's pay range. These median gaps indicate that on average for every £1 a mixed ethnicity person earns, a white ethnicity person will earn 105.52p and a black ethnicity person will earn 97.11p. Compared to 2023, we have narrowed the median pay gap in between all our ethnicity groups in 2024. We have a variety of mechanisms to ensure consistency of reward for equivalent roles or the same work. These include fixed rates in our manufacturing sites and a structured approach to job sizing and pay determination in other areas of the business. The ethnicity pay gap reflects the distribution of people from different ethnic backgrounds across all job levels of the organisation, and how this translates into the average salary and bonus payments.

Median Pay Gap (2023)	White	Black	Asian	Mixed	Other	Prefer Not to Say
Black	8.17% 10.74%					
Asian	5.72% 6.25%	-2.67% -5.03%				
Mixed	5.52% 7.60%	-2.89% -3.51%	-0.22% 1.44%			
Other	8.04% 11.12%	-0.15% 0.42%	2.46% 5.19%	2.67% 3.80%		
Prefer Not to Say	-5.81% -5.47%	-15.23% -18.17%	-12.23% -12.51%	-11.99% -14.15%	-15.06% -18.67%	
Not Disclosed	9.16% 10.74%	1.07% 0.00%	3.64% 4.79%	3.85% 3.40%	1.21% -0.42%	14.14% 15.37%

Pay Quartile Distribution /all our full paid relevant Rolls-Royce employees in the UK as of 5th April 2024/

Ethnicity distribution in four equally sized hourly pay quartiles



Those from the white ethnic group currently represent 76.19% of our UK employees. The pay quartile data shows that white employees are underrepresented in the lower quartiles and overrepresented in the upper quartiles. The data shows opposite trend for Ethnic Minority employees as their representation lowers in the upper pay quartiles. The data also indicates that we lack ethnicity data for employees in the lower quartiles; however, employees in the upper quartiles are more likely to prefer not to share their ethnicity.

Over recent years we've been successful at increasing the number of apprentices and graduates from ethnic minority groups. In the short term this will increase the proportion of those in the lower quartile pay group, but as these employees take on substantive roles, we have every confidence that their pay and bonus will increase.

Ethnicity and Bonus Distribution	Percentage of Total Population 2024	Percentage of Total Population 2023	Bonus Received 2024	Bonus Received 2023
White	76.19%	77.63%	98.62%	97.27%
Black	1.15%	1.15%	97.97%	94.07%
Asian	6.52%	6.42%	97.70%	95.22%
Mixed	1.81%	1.83%	96.89%	95.21%
Other	0.38%	0.40%	98.78%	92.77%
Prefer Not to Say	1.99%	2.14%	99.29%	98.63%
Not Disclosed	11.96%	10.42%	83.60%	78.76%

In the UK we have incentive plans in place for employees at all levels, which accounts for our high percentages of bonus inclusion. Bonus payments for 2023 (paid in 2024) were made across all our sub-units. Most employees without bonus payments were hired after 1st January 2024; and therefore, were not eligible.

Bonus difference in between ethnic groups /all our relevant Rolls-Royce employees in the UK as of 5th April 2024/

The mean and median bonus gap calculations were made the same way as for the hourly pay gap calculations; just with bonuses paid in the 12 months running up to 5th April 2024 instead of what was paid in the payroll period of the snapshot date.

Mean Bonus Gap (2023)	White	Black	Asian	Mixed	Other	Prefer Not to Say
Black	53.84% 48.00%					
Asian	31.38% 21.11%	-48.68% -51.72%				
Mixed	33.10% 28.45%	-44.94% -37.61%	2.51% 9.30%			
Other	35.27% 24.26%	-40.24% -45.66%	5.68% 3.99%	3.25% -5.85%		
Prefer Not to Say	-19.67% -13.19%	-159.27% -117.69%	-74.38% -43.48%	-78.88% -58.19%	-84.88% -49.45%	
Not Disclosed	37.99% 31.92%	-34.35% -30.93%	9.64% 13.70%	7.31% 4.85%	4.20% 10.11%	48.18% 39.85%

The bonus gaps are primarily driven by ethnic minority employees being overrepresented in the lower pay quartiles, which attracts lower on-target bonuses; while being underrepresented in the upper pay quartiles, which are primarily leadership roles that attract higher on-target bonuses and Long-Term Incentive plans. This also explains the difference between the mean and median bonus gaps. A few employees with much higher bonus payments make the mean bonus gap figures larger than the median bonus gap figures.

Median Bonus Gap (2023)	White	Black	Asian	Mixed	Other	Prefer Not to Say
Black	7.45% 6.56%					
Asian	-2.15% -3.03%	-10.37% -10.26%				
Mixed	14.00% 8.07%	7.08% 1.62%	15.81% 10.77%			
Other	-0.67% -2.88%	-8.78% -10.10%	1.45% 0.14%	-17.06% -11.91%		
Prefer Not to Say	-18.49% -21.99%	-28.03% -30.55%	-16.00% -18.41%	-37.78% -32.70%	-17.70% -18.57%	
Not Disclosed	8.73% 8.34%	1.39% 1.90%	10.65% 11.03%	-6.12% 0.29%	9.34% 10.91%	22.97% 24.86%

Maintaining our focus on inclusion & belonging

Guided by our purpose and behaviours, we support and empower our people to feel that they can be themselves, feel valued, respected, and empowered to thrive at work and achieve their true potential. Listening to all colleagues and understanding their experience remains critical.

There are many actions that we have taken since our last submission, and we will continue to adapt as an organisation whilst assessing our progress, conscious that we can always improve.

Our leaders are integral to us driving a high-performance culture where talented and capable individuals have equitable access to opportunities

and can truly thrive. Our leadership expectations reinforce the need to build a high trust environment, as well as zero tolerance for mediocrity where we always hire the best people to build talent and capabilities.

We reward and recognise both business success and individual contributions with differentiated outcomes for those delivering the greatest impact. Our core programme for leaders and most colleagues includes regular check-ins, performance reviews and biannual calibration, fostering accountability and alignment with our strategic priorities.

We confirm the data reported is accurate.



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CEO