

UK Gender Pay Report 2022

Rolls-Royce Holdings plc



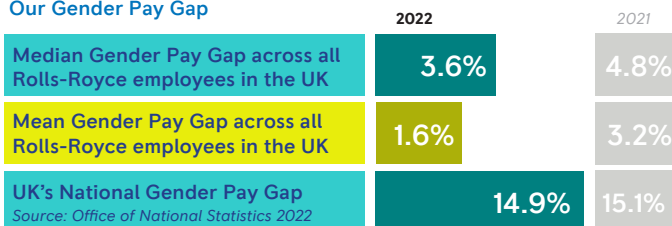
We are committed to creating an environment where every employee can reach their full potential by encouraging wellbeing and development in an inclusive environment. We recognise that a diverse workforce is crucial to achieving a high-performance culture and is a key enabler of innovation, and an inclusive environment is critical to retaining this diverse talent.

We do not have an equal pay issue between genders on a job-by-job basis and both the pay gap and the bonus gap have reduced on both mean and median basis since 2021. The reducing pay gap is explained primarily by the changing distribution of our workforce, with more women in higher paid positions than in previous years, while the bonus gap reflects the fact that proportionately more women are in leadership roles than men (of the female population 26.5% are in leadership roles while only 19% of men are in leadership roles) which attracts a higher on target bonus and a long term incentive plan.

Pay difference between women and men: All our Rolls-Royce employees in the UK

at 5 April 2022

Our Gender Pay Gap



The above snapshot shows the difference between the average (mean and median) hourly pay levels of all women compared to all men, irrespective of their role or level in the organization. This is expressed as a percentage of men's average pay. The median average pay of all our women in the UK is 3.6% lower than all our men whilst the mean average pay is 1.6% lower for women compared to men. For comparison the UK's national median gender pay gap in 2022 was 14.9%. The hourly pay figure includes all items specified in the regulations, such as allowances and shift pay.

The "gender pay gap" is an average figure and is distinct from "Equal pay", which looks at the individual level and is about ensuring that men and women are paid the same for carrying out the same work, or work of equal value. When we look at the salaries between men and women in equivalent roles, we do not have any equal pay issues.

We have a variety of mechanisms to ensure consistency in reward between men and women in equivalent roles or doing the same work. These include spot rates in our manufacturing sites and a structured approach to job sizing and pay determination in other areas of the business.

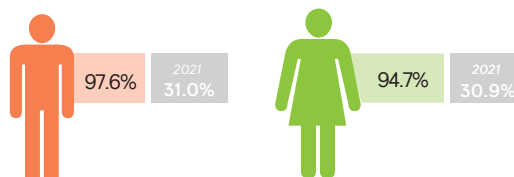
Bonus difference between women and men

in 12 months preceding 5 April 2022

Bonus	Mean	Median
2022	-15.5%	0.3%
2021	21.1%	16.1%

Proportion of all UK employees receiving a bonus

in 12 months preceding 5 April 2022

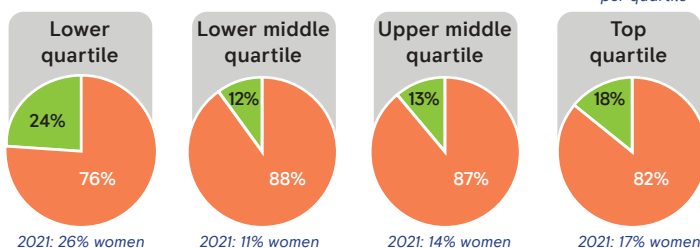


In the UK we have incentive plans in place for employees at all levels, which accounts for our high percentages of inclusion. Bonus payments for 2021 were made across all of our sub-units which makes the inclusion rates considerably higher than in the previous year when they were made only for our Defence business. The change in the bonus gap has been driven by the fact that proportionately more of the female population are in management roles, which attracts a higher on target bonus, increasing the mean average figure.

Pay quartiles across UK employees

at 5 April 2022

Gender distribution across Rolls-Royce in the UK in four equally sized hourly pay quartiles



Overall, women currently represent 16.9% of our UK employees. Women are currently less well represented than this figure in the middle two quartiles due to proportionately more men being in professional level roles which are dominated by Engineering, and also the shop floor population which attract a premium for working shifts. Increasing the number of women in our business and moving towards an equal distribution of men and women across all levels is a priority for us. We are continuing to focus on female hires at all levels in the organization.

Increasing our focus on diversity and inclusion

At April 2022, our total female workforce in the UK stood at 16.9% an increase from 16.6% in 2021. Women are over represented in the lower pay quartile as well as in the upper pay quartile, which is partly a consequence of our recent success in achieving increased diversity in our early career apprenticeships and graduate recruitment activities. We have launched the target of having 25% of our global workforce being women by 2025, and we are at 17.6% as of April 2022 (compared to 17.1% in April 2021). We continue to pursue diverse and underrepresented talent, including women, and we are starting to see the benefits of that. In 2022, globally there are:

- 22% women in our enterprise leadership population (same as 2021)
- 32% women in our graduate population (5% up from 2021)
- 30% women in our High Potential population (2% up from 2021)

We continue to embed our refreshed D&I strategy and to accelerate its implementation. Our strategy focuses on four main areas: leadership and governance; attraction and recruitment; engagement and retention; and development.

We continue to increase representation of women at all levels to create an inclusive environment. Our hybrid working policy which promotes flexibility on working times, and also a mixture of remote and site-based working help to support all of our employees to be at their best.

Our structured mentorship programme, Thrive has been expanded and launched across all of our business areas so that more women can benefit from it. We have 62% female participants on Latitude, our new enterprise-wide development programme aimed at increasing the readiness of potential enterprise executives.

We continue to work with organisations such as the Financial Times, Women in Science and Engineering, and Women in Aviation and Aerospace Charter, supporting initiatives driven by these organisations and others, and we continue to sponsor the prestigious Female Undergraduate of the Year award to celebrate success and showcase female role models in the engineering sector. We also continue to invest in community and education outreach programmes to engage young people from diverse backgrounds in STEM subjects at an early age to increase our talent pipeline.

We remain determined to increase the diversity of our workforce and working together to create a company where every person can be at their best.

UK Gender Pay Report 2022

Rolls-Royce Holdings plc



Across our legal entities

The regulations ask for data on employing legal entities in the UK which have more than 250 employees.

Rolls-Royce Holdings plc has three such entities. To compare the data to last year's, please see the 2021 UK Gender Report.

Rolls-Royce plc

Rolls-Royce plc has 14,542 employees, 16.8% are women.

Pay and bonus difference between women and men

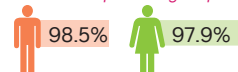
at 5 April 2022

	Mean	Median
Hourly Pay	-0.8%	2.1%
Bonus	-18.9%	-1.0%

This chart, and those of the other legal entities below, show the percentage by which women's average hourly pay and bonus pay is lower compared to men.

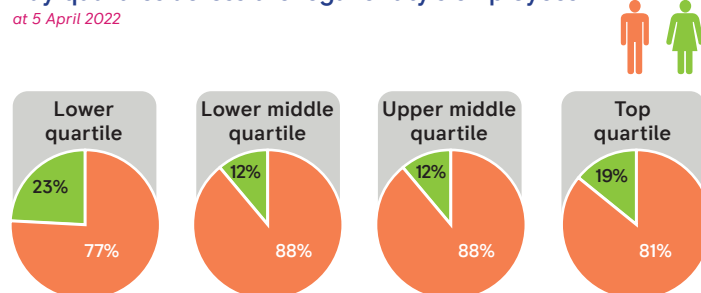
Proportion of employees receiving a bonus

in 12 months preceding 5 April 2022



Pay quartiles across the legal entity's employees

at 5 April 2022



Rolls-Royce Submarines Ltd

Rolls-Royce Submarines Ltd has 3,265 employees, 17.6% are women.

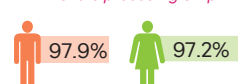
Pay and bonus difference between women and men

at 5 April 2022

	Mean	Median
Hourly Pay	3.9%	4.1%
Bonus	9.0%	11.5%

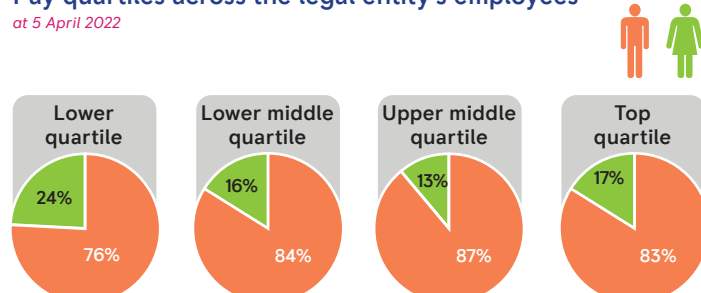
Proportion of employees receiving a bonus

in 12 months preceding 5 April 2022



Pay quartiles across the legal entity's employees

at 5 April 2022



ITP Aero UK Ltd

ITP Aero has 685 employees, 5.5% are women.

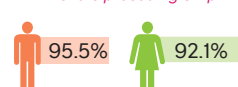
Pay and bonus difference between women and men

at 5 April 2022

	Mean	Median
Hourly Pay	-1.0%	6.2%
Bonus	-51.2%	-43.5%

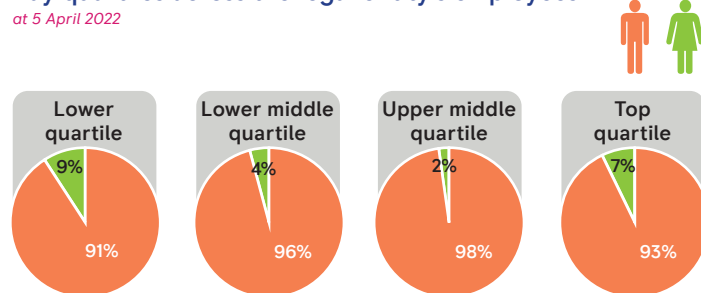
Proportion of employees receiving a bonus

in 12 months preceding 5 April 2022



Pay quartiles across the legal entity's employees

at 5 April 2022



We confirm the data reported is accurate

Warren East

For Rolls-Royce Holdings plc
Warren East
CEO

Steve Carlier

For Rolls-Royce Submarines Ltd
Steve Carlier
President Submarines – Defence

Ian Williamson

For ITP Aero UK Ltd
Ian Williamson
Managing Director