

Rolls-Royce Holdings plc
Board Diversity Policy

(approved 8 March 2021)

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 of both the Hampton-Alexander Review and the Parker Review for FTSE100 companies.
- 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 & 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 With regard to gender diversity the Board intends to maintain a balance so that, as a minimum, one third of the Directors are women 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 this number may be smaller for periods of time while the Board is refreshed, however, it is our longer-term intention to at least maintain this balance.
- 3.3 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.
- 3.4 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 persons of colour who meet the skills and experience brief.
- 4.3 When recruiting Board candidates, the Committee will only engage search firms that have signed up to the Voluntary Code of Conduct for Executive Search firms.

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.