



SMR

ROLLS-ROYCE SMR GENDER PAY GAP REPORT 2024

CONTENTS

03. About Rolls-Royce SMR
04. Introduction from our CEO
05. Introduction from our People Director
06. What is UK gender pay gap reporting?
07. Pay quartiles by gender
08. Pay calculations in Rolls-Royce SMR
09. Bonus calculations in Rolls-Royce SMR
10. Addressing our UK gender pay gap
11. Closing statement

About Rolls-Royce SMR

The Rolls-Royce Small Modular Reactor (SMR) is the UK's first domestic nuclear technology in more than 20 years - providing a British solution to a global energy challenge.

During the year since our first UK Gender Pay Gap Report, we have made some remarkable progress as an organisation.

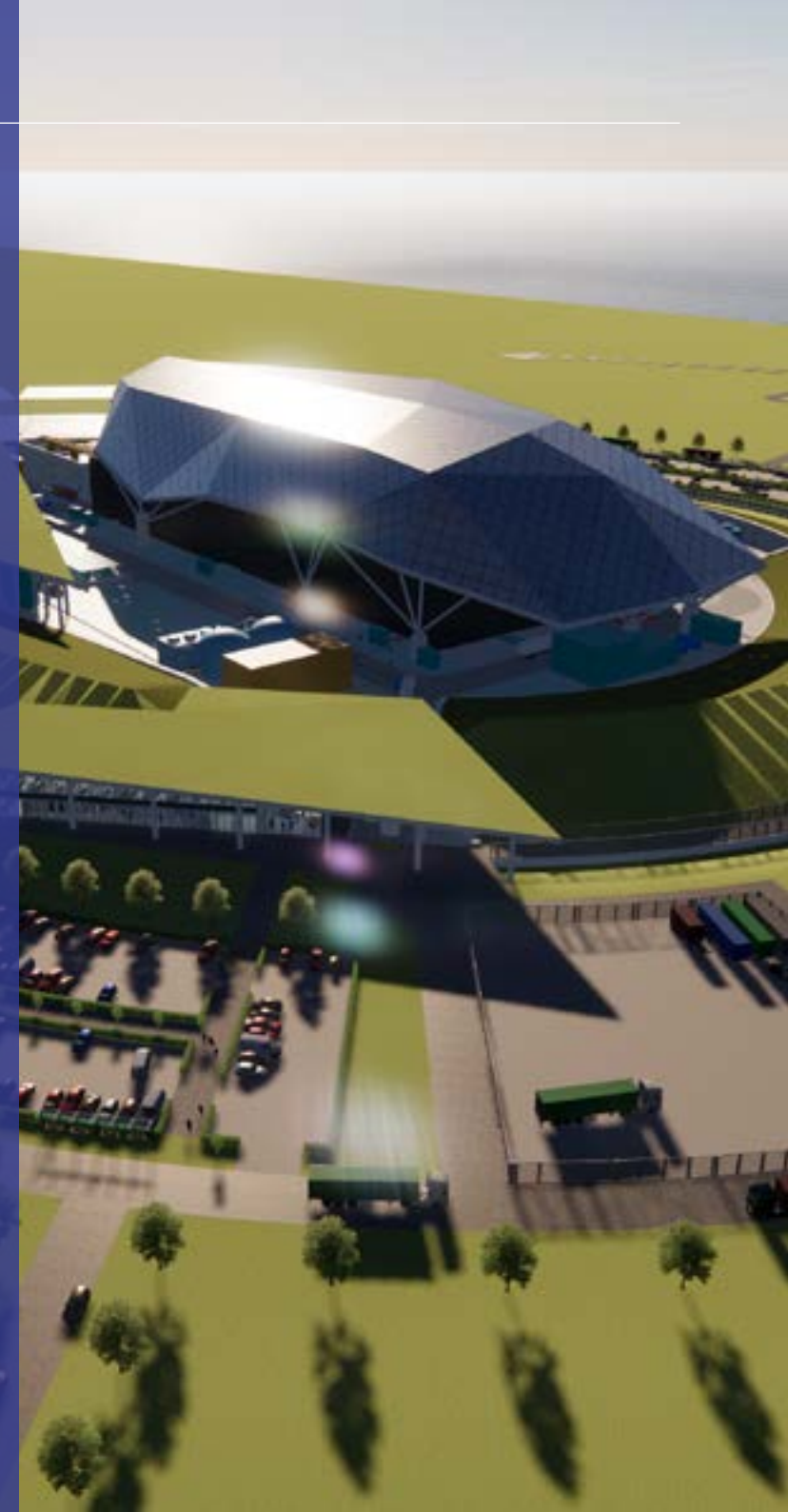
Rolls-Royce SMR successfully completed Step 2 of the Generic Design Assessment by the UK nuclear industry's independent regulators and will move immediately into the third and final Step of this rigorous independent assessment of our technology.

In October 2024 Rolls-Royce SMR and ČEZ joined forces in a strategic partnership to deploy up to 3GW of electricity in the Czech Republic using Rolls-Royce SMR power plants.

Following a thorough assessment process, Rolls-Royce SMR won a place on Vattenfall's shortlist of just two SMR companies competing to potentially deploy a fleet of SMRs reactors in Sweden.

In doing this, we are growing at pace as an organisation and will continue to do so over the foreseeable future. In the eight months following the snapshot date for the data used in this report, our headcount has increased by 30%. Now, more than ever, a diverse workforce is critical to our success as we expand as an organisation, develop a world-leading culture and continue to cultivate a fantastic place to work.

www.rolls-royce-smr.com



Introduction

UK gender pay gap reporting is an important mechanism in holding ourselves accountable for delivering against our commitment to openness and transparency and achieving gender balance in Rolls-Royce SMR.

The data in this report shows improvements in the gap between the mean hourly pay and bonus figures for men and women in Rolls-Royce SMR. While we have further work to do in the nuclear sector as a whole, we are currently performing better than the sector average, and the national average.

Although we are encouraged by this progress, we are committed to going further to fully address the gaps that remain. This report includes examples of our work to date and our plans to implement change to provide the leadership needed for our wider industry.

We remain committed to creating an inclusive workplace for everyone. Our people are essential to the success of our mission to provide clean, affordable energy for all, and our Inclusion Strategy is intended to help everyone fulfil their potential with Rolls-Royce SMR.

I truly believe it is a great time to be part of our organisation.



Chris Cholerton

Chief Executive Officer, Rolls-Royce SMR

I confirm that the information and data provided is accurate and in line with mandatory requirements. All reported Rolls-Royce SMR data was taken on 5 April 2024 unless otherwise stated.



Although we are encouraged by this progress, we recognise the need to do more to fully address the gaps that remain.

Introduction

I'm a firm believer in the power of visible role models, and I hope that by joining the Rolls-Royce SMR Executive Leadership Team (ELT) in 2024, I can inspire other women and support their progress to the highest levels of our organisation. Our entire Board and ELT is fully behind our Inclusion Strategy, and I'm delighted to be part of the team.


Our 2024 UK Gender Pay Gap Report shows a reduction in the gap between the mean hourly pay and bonus figures for men and women in Rolls-Royce SMR, in what is our second year of reporting. While we would like to see more progress more quickly, I am realistic enough to know that as a relatively small but growing business, it will take time to achieve our ambitions. It is important that we take a strategic approach, accepting the risk of potential setbacks to achieve long-term, sustainable change. However, the start we have made has been a positive one.

The anticipated growth in Rolls-Royce SMR in the coming years will be an opportunity to address our UK gender pay gap. We recognise the ongoing shortage of female talent in the engineering and operations pipelines, but we are determined to be ambitious in our aspirations to address this status quo. I have been working closely with the ELT and the Rolls-Royce SMR Board to ensure they understand how they can support these ambitions, and our Engineering Leadership Team recently held a series of sessions to explore what more they can do.

We must also focus on the retention of female colleagues. In addition to some of the activities referenced in this report, I was delighted to be invited to co-chair our Culture Working Group, launched in 2024. This collection of key stakeholders enables us to consider our organisational values and behaviours, ensuring we address challenges that may prevent a culture of engagement, support and empowerment for our people.

Finally, I plan to develop a more progressive approach in our People function during 2025, encouraging new ways of working and thinking. This will play a pivotal role in helping to reduce our UK gender pay gap in the years ahead.

Clare Sandman
People Director, Rolls-Royce SMR



Our 2024 UK Gender Pay Gap Report shows a reduction in the gap between the mean hourly pay and bonus figures for men and women in Rolls-Royce SMR in what is our second year of reporting.

What is gender pay gap reporting?

A UK gender pay gap report must include the following data:

The mean and median gender pay gap for hourly pay

The percentage of men and women in each hourly pay quartile

The percentage of men and women receiving bonus pay

The mean and median gender pay gap for bonus pay.

The UK gender pay gap is a 'snapshot' of data taken each year to compare the hourly pay and bonus figures for men and women across all roles and grades of an organisation.

All organisations with more than 250 employees must report this data. All reported Rolls-Royce SMR data was taken on 5 April 2024 unless otherwise stated. On this date, Rolls-Royce SMR had 650 employees, all of whom were salaried. However, for the purposes of UK gender pay gap reporting calculations, we are required to convert all salaries into hourly pay equivalent figures. This includes full-time and part-time employees.

It is important to clarify that a gender pay gap is not a measure of equal pay, which compares the salary of individuals performing the same role.

Equal pay:

Where men and women are paid the same for the same work

Gender pay gap:

An equality measure that shows the difference in average earnings between women and men



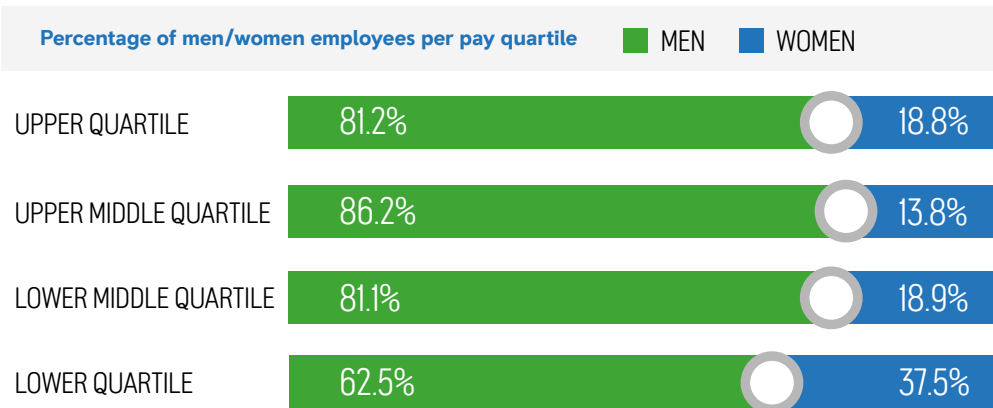
Pay quartiles by gender

The overall distribution of men and women in Rolls-Royce SMR is 77.1% men and 22.9% women, an increase from 21% women in 2023. While we can say confidently that we do not have a pay gap between genders on a job-by-job basis, the largest proportion of female employees are in the lowest pay quartile, and the majority of employees in the higher quartiles are men. This is the largest single factor that impacts our UK gender pay gap.

However, it is worth noting that our distribution is in line with trends seen across the nuclear sector.

We anticipate that, until we improve our gender distribution, we will continue to report a gender pay gap due to the higher representation of men in the higher pay quartiles.

We have an opportunity to address this as our business grows over the next five years. Rapid growth means, however, we are working with constantly changing information on gender pay. This volatility will continue in the near term, and we are mindful of the impact that may have on our future data. However, this growth also creates an opportunity to improve our gender distribution, and our focus will include hiring more women into senior roles and the deployment of specific interventions that support career progression for women.



Pay calculations in Rolls-Royce SMR

The mean UK gender pay gap for hourly pay in Rolls-Royce SMR is 9.0% (median: 12.4%). This means that, on average, women are paid 9.0% less than men in our organisation. This is an incremental improvement compared to our previous report (-0.7%), although our median has increased (+2.2%).

While we have work to do, we are performing better than the average for organisations in the nuclear sector, where the average mean UK gender pay gap is 17.3% and the median UK gender pay gap is 20.7%. We are also performing better than the national average. However, as a small but growing company, we appreciate our data may vary considerably by the next snapshot date, and we are mindful that this makes our data susceptible to volatility.

We also recognise that while our mean UK gender pay gap has reduced, we have seen an increase in our median pay gap. We believe this is a consequence of the increase in headcount – as the median is a single figure, it stands to reason that this will be less stable with the increase in headcount we have had. We believe the mean figure is a better reflection of the impact of our activities to date given the size of our organisation and the growth we are experiencing.

We actively work to understand our UK gender pay gap calculations to gain insights that help us to take effective action. Examples of these actions can be found on page 10.



Rolls-Royce SMR data at a glance

■ MEN ■ WOMEN



9.0%

MEAN (AVERAGE) PAY GAP

12.4%

MEDIAN PAY GAP

UK gender pay gap data

	Rolls-Royce SMR	Nuclear sector average*	UK national average**
MEAN	9.0%	17.3%	13.8%
MEDIAN	12.4%	20.7%	13.1%

* <https://idnuclear.com/news-and-resources/gender-pay-gap-report/>

**2024 data source: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables>

Bonus calculations in Rolls-Royce SMR

Rolls-Royce SMR operates a short-term incentive plan (STIP) for employees. STIP payments are classified as 'bonus pay' for the purposes of UK gender pay gap reporting. The company's financial year runs from 1st January to 31st December and the STIP is aligned to this. If STIP awards are achieved, then they are paid in March of the following year.

New joiners to the company are only eligible to participate in the existing STIP if they have joined before October. This means, in the context of UK gender pay gap reporting, that any employee that joined the company between October and April will not have had the opportunity to receive an STIP payment and so there would be no reportable bonus for those employees.

100% of employees that were eligible to receive a bonus – regardless of gender – received a bonus.

In this reporting year, bonuses were awarded to 79.9% of female employees and 85.4% of male employees. All of those who did not receive a bonus payment were ineligible due to their date of joining the company. These figures are an improvement on our 2023 figures, but this only demonstrates that fewer people joined our business after the bonus payment cut-off date.

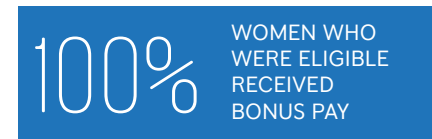
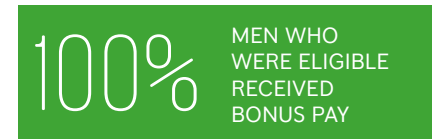
The mean bonus payment to women was 10.0% less than men and the median bonus payment to women was 15.1% less than men. These are both significant improvements compared to our 2023 figures of 17.1% and 34.5% respectively.

The underrepresentation of women within the upper and upper middle pay quartiles is the main contributing factor to the existing gap that is present in our mean and median bonus gap calculations. The opportunity to earn differing levels of STIP at Rolls-Royce SMR is binary and relative to grade and salary so, if we have more men than women in the highest pay quartiles, there will be a gap in bonus pay. Any reduction in our mean gender pay gap will enable a reduction in our bonus pay gap calculations.



Rolls-Royce SMR data at a glance

■ MEN ■ WOMEN



100% of employees that were eligible to receive a bonus - regardless of gender - received a bonus

Addressing our gender pay gap

The key issue to resolve, if we are to reduce our gender pay gap, is the imbalance in our pay quartiles, particularly in our Engineering function. We need to use our future growth to increase the representation of women in the upper quartiles and, further ahead, we are committed to delivering gender balance across our entire organisation.

We are also committed to gender balance in our apprentice and graduate intakes by 2028 and 2030 respectively. While this will impact our progress to reduce our gender pay gap in the near-term, we recognise our goals are necessary if we are to embed gender balance into our company in the longer term.

Progress so far

We are making strategic interventions in support of increasing female representation in our business. Examples of some of our work in the last 12 months are included below.

Early careers engagement

We continue to build external partnerships to help address the shortage of female talent in the pipeline. For example, we sponsored Developing Experts, who support teachers in delivery of the science curriculum. In 2024, our 22 diverse volunteers completed a careers film which will be used by teachers in both primary and secondary schools, with the potential to reach over 8,000 schools and 500,000 pupils.

Female development programme

We became members of the FT Women in Business Forum in 2024, providing access to career development workshops and seminars, with one third of female colleagues joining our cohort. In 2025, we will be building on this by launching a bespoke elevation programme specifically focused on the needs of female talent in our organisation.

Pay transparency

We publish the SMR salary ranges to enable 'pay transparency' within our company, helping people leaders make consistent and equitable reward decisions for colleagues. The salary ranges are positioned competitively to the external market and provide colleagues with visibility of the salary progression that may occur through our different grades over time, helping to reduce the risk of gender bias in decision-making.

GENIE Inclusion Network

Our GENIE – gender inclusion and equity – network have enjoyed success throughout 2024, being shortlisted for recognition at the Engineering Talent Awards and the Diversity Network Awards. They once again delivered a successful 'Bring Your Child to Work Day' for young people connected to our colleagues, and they are supporting our progress towards Menopause Friendly accreditation, overseeing the launch of new menopause resources within our business.

Recruitment and promotion

Our Executive Leadership Team has undergone change throughout 2024, with female representation increasing to 33%*. We have also recruited a Talent Development Partner, with the role including a specific focus on ensuring female representation on succession plans. Across the wider business, a number of our functions have already achieved*^ gender balance, including Commercial, Strategy & Business Development, Export Control, Finance, HR, Property, Corporate Affairs and Legal. Our focus in these areas is ensuring we create a culture that encourages the retention of our female talent.

The largest proportion of women employees are in the lowest pay quartile, and the vast majority of employees in the higher quartiles are men. This is the largest single factor that impacts our gender pay gap.

Closing statement

The Rolls-Royce SMR Inclusion Strategy was launched in 2023 and we are already seeing progress on our journey to gender balance. The examples set out in this report are just some of the measures we are taking to support and empower our female colleagues, and to create a culture in which women can succeed.

We acknowledge that there are challenges ahead. The anticipated growth in our business over the next 5 years certainly provides opportunities to increase female representation in our organisation, but there remains a shortage of female talent in the engineering pipeline. Our Development and Capability team, supported by STEM ambassadors, continue to engage with girls and young women in our communities, demonstrating the breadth of exciting careers available in our sector. We are unwavering in our commitment to support these activities in the long term.

While this report legally requires us to compare hourly pay and bonus pay for men and women, we recognise that gender is a spectrum and not all our colleagues will identify with such terms. I'm proud that we are a fully inclusive employer and that we support, value and respect gender diversity in all its forms.

Furthermore, our Inclusion Strategy is delivering success in other areas. In 2024, we were named as a Star Employer by Investing in Ethnicity, and BETA – our Early Careers Inclusion Network – was named Network of the Year at the Engineering Talent Awards. Supported by our Ability Inclusion Network, we have launched a working group to address challenges faced by disabled and neurodivergent colleagues, and we were proud to participate in Manchester Pride for the first time. By adopting this approach, we aim to attract an even more diverse range of women to our business in the years ahead.

Greg Turner-Smart

Equality, Diversity & Inclusion Manager, Rolls-Royce SMR







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