



**Rolls-Royce AGM  
13<sup>th</sup> May 2021**

**RPMI Railpen – Climate accounting question**

“I am asking this question on behalf of RPMI Railpen, the investment arm of the UK Railways Pension Scheme.

As long-term shareholders, we welcome your commitment both to targeting net zero GHG emissions in your operations and facilities by 2030 and to becoming fully net zero carbon by 2050.

We believe that achieving Net Zero can only happen when capital is allocated in a way consistent with that ambition. To do this, companies like Rolls-Royce need to fully incorporate material information about climate-related issues into their financial statements. Railpen has been using the work of Carbon Tracker and the Climate Accounting Project in assessing your accounts, amongst those of other CA100+ target companies, in this regard.

We were pleased to note the explicit reference to climate change in the auditor’s report in the deferred tax Key Audit Matter. However, we would also like to see a more substantive discussion of climate change in the financials so that it matches the extensive and very welcome discussion in your narrative reporting.

We welcome the commitment of the Audit Committee to consider the impact of climate change on assumptions as a key focus area in 2021. Can you give us any further details regarding what the Audit Committee expects of the auditor in its work considering this aspect of the accounting, and in the auditor’s report on its work? And would the Audit Committee Chair be willing to meet with Railpen over the coming months to discuss this further?”