

Rolls-Royce – Submarines
Vulcan Business Operations Update: July 2021

Safety Performance remains Rolls-Royce's number one priority and we remain focussed on the safe delivery of our current contracted Vulcan Post-Operational Delivery (VPOD) and fleet support operations on behalf of the Ministry of Defence.

COVID remains a significant and key challenge as we continue to ensure that we comply with all rules/guidance from Scottish and UK Parliament, Ministry of Defence (MoD) and Roll-Royce. Through the SDA we have recently moved from an on site Lateral Flow Testing (FLT) capability to providing home testing kits for all staff attending site on a voluntary basis to protect both our workers and the community at large.

Rolls-Royce continues to carry out substantial planning and impact assessments to protect its workers and the local communities from the ongoing impact of this pandemic. We continue to apply a robust "work from home if possible" mantra and as previously reported we have including a substantial programme of IT investment allowing home working which continues to be at around 50% of the historical site numbers. We continue to discuss and engage with our DSRL neighbours to ensure best practice learning is shared, and this communication is going well. We are however cautiously planning a return to a new normal environment when the timing is correct.

As previously reported Rolls-Royce plc group continues to see substantial economic impacts of the COVID pandemic, due in the main to the significant proportion of its revenue and profits coming from the Aerospace gas turbine market which continues to be devastated by the travel restrictions and disruptions. Although the situation has in some ways stabilised with some minor improvements many people have already lost their jobs. With the continued support of the MoD we have thankfully not seen this in the Caithness area.

The critical programmes that we deliver on behalf of the Ministry of Defence remain key to the specific Future Business planning for our Capability, Skills and Personnel currently at Vulcan and longer-term in Caithness, particularly in the overall Submarine and Nuclear services arena. Immediate tactical plans remain resolutely focused on the continued safe delivery of the defuel and fuel movement programme – which is key to the overall longer-term site closure programme.

At appropriate aligned pace, we continue to progress our Business planning and development for utilisation and deployment of our personnel and nuclear skills, in Caithness to 2022 and beyond. Again as previously reported the MoD have identified some operational support activities that can only be conducted at Vulcan and will likely extend beyond December 2022 and we are expecting an announcement on timescales and high level workscope in the very near future at which time we will align and update our future business plans.

Our resource management activities at our Vulcan Business Unit, including recruitment, continue to align to our operational delivery requirements and demands in accordance with normal Business management and controls.

Clearly fundamental to this planning is ongoing flexibility and informed transitional alignment to the overall Rolls-Royce Submarines Business, in line with demand from within our Rolls-Royce Defence Business and the UK's nuclear submarine programme. It is appropriate to note this continues to be the case across the entire Submarines Business and Enterprise in the UK.

A total of 16 Rolls-Royce apprentices continue in training at Vulcan which include the five new apprentices taken on last year.