



Summary of the Rules of the Rolls-Royce Global Employee Share Purchase Plan

The date of this summary is July 31 2025



1. Introduction

1.1 What is this document?

This summary sets out the material terms of the rules of the Rolls-Royce Global Employee Share Purchase Plan, including schedules (the **Plan** and its **Rules**). This summary is subject to and qualified by the terms and conditions of the Rules. A copy of the Rules is accessible at <https://shareplans.rolls-royce.com>. Just navigate to your country details, then click on 'Resource' and then 'Legal Documents'.

This summary does not form part of the Rules.

1.2 Plan type and awards

The Plan is a share purchase and matching plan under which Rolls-Royce Holdings plc (**Company**) may offer to eligible persons the following types of awards:

- 1.2.1 **Investment Shares** – consisting of the opportunity for employees to invest post-tax salary contributions for the purchase fully paid ordinary shares in the capital of the Company, or where relevant, an American depositary receipts or American depositary shares representing one or more fully paid ordinary shares in the capital of the Company (**Shares**); and
- 1.2.2 **Matching Share Awards** – granted to employees who buy Investment Shares, being a conditional right to receive a number of Shares in the future for free linked to the number of Investment Shares purchased (**Matching Share Awards**); and/or
- 1.2.3 **Free Share Awards** – being a conditional right to acquire Shares in the future for free, together (**Awards**). The Committee can choose to grant Matching Share Awards and Free Share Awards as phantom awards, so that they are a conditional right to receive a cash sum in the future linked to the value of a number of hypothetical Shares. The Committee has absolute discretion as to what type of Award may be granted.

IMPORTANT:

This document summarizes the terms of all Awards that can possibly be granted under the Plan.

1.3 Nominee

The Plan operates in conjunction with a nominee arrangement, so that Shares acquired by participants under the Plan will be held by a nominee (the **Nominee**) on behalf of the participants. Participants may be required to enter into an agreement with the Nominee as a condition of grant of Awards. Participants may withdraw their Shares from the



Nominee arrangements at any time. However, the withdrawal of Investment Shares by a participant will normally cause the related Matching Share Award to lapse pro-rata if the Matching Share Award has not yet vested.

1.4 Plan approval

The Rules were approved by the Remuneration Committee of the board of directors of the Company (the **Committee**) on February 26, 2024 and by shareholders at the AGM on May 23, 2024. The schedules were adopted under authority delegated by the Committee on 30 July 2024.

1.5 Purpose of Plan

The Company considers employee share ownership to be a key part of the Company's overall remuneration strategy, which enables the Company to align the interests of employees and shareholders. The Plan is intended to deliver Shares at all levels in as many countries as possible within the Group.

1.6 Eligibility

Employees (including employed executive directors) of the Company and its subsidiaries (the **Group**) will be eligible to participate in the Plan at the discretion of the Committee.

1.7 Administration

The Plan is administered by the Committee (or a duly authorised committee) on behalf of the Company and it will decide whether and how to exercise any discretion in the Plan. The decision of the Committee on the interpretation of the Plan, or in any dispute relating to an Award, will be final and conclusive.

1.8 Duration of Plan

The Plan will terminate on the date the Committee decides, although no newly issued or treasury Shares may be used for new offers or grants of awards following the Company's AGM in 2034, unless further shareholder approval is obtained. Termination will not affect any existing rights under the Plan, although participants will be required to remove their Shares from the Nominee. No Awards may be granted after the termination of the Plan.

2. Terms of Investment Shares

2.1 Invitation

If the Committee decides to offer Investment Shares, it will invite employees to enrol in the Plan. Employees can enrol at any time, subject to the Committee being able to set specified enrolment windows and any restrictions on dealings or transactions in securities (**Dealing Restrictions**).



2.2 Key terms

The Committee will decide the terms on which participants can purchase Investment Shares, including:

- (i) the number and frequency of contributions (which will normally be deducted from salary);
- (ii) the maximum and minimum amounts of each contribution;
- (iii) any limit on the number or value of Investment Shares available for purchase (and if applications or contributions are received in excess of this the Committee will decide whether to scale them back);
- (iv) the frequency at which contributions will be used to purchase Investment Shares (e.g. monthly, quarterly, annually); and
- (v) the period over which Investment Shares will be purchased (e.g. a year).

2.3 Evergreen nature

It is currently intended that the Plan will normally be operated on an evergreen basis, meaning that purchase periods will roll on one after the other and that when a participant enrolls in the Plan, they enrol for the current and all future purchase periods, until stopped by the participant or the Company. The terms for each new purchase period will normally be the same as the previous purchase period, unless the Committee decides otherwise (in which case the new terms will be communicated to participants). The Committee can decide at any time that the Plan will cease to apply on an evergreen basis, but this will not normally affect any purchase period already in existence. The Committee may also decide at any time that no further contributions will be taken during a purchase period, although contributions already taken will normally be used to purchase Investment Shares.

2.4 Holding Contributions

Participants' contributions will be held in a non-interest-bearing account until they are either used to purchase Investment Shares on the relevant participant's behalf or are returned to the participant.

2.5 Purchase of Investment Shares

The number of Shares purchased will be determined by reference to that participant's contributions and the market value of a Share on the purchase date.

2.6 Stopping contributions



A participant may stop their contributions at any time. The Committee may allow participants to restart and/or vary their contributions, although they may not normally make up missed contributions.

2.7 No Matching Share Award required

The Company may offer participants the opportunity to purchase Investment Shares without a matching element.

3. Terms of Matching Share Awards

3.1 Key terms

The Committee will decide the terms on which Matching Share Awards will be granted from time to time, including:

- (i) the matching ratio used to determine the number of Shares subject to a Matching Share Award, by reference to the number of Investment Shares purchased;
- (ii) any limit on the number or value of Investment Shares that can be 'matched'; and
- (iii) the date on which the Matching Share Award is expected to vest.

3.2 Vesting

The number of Shares that will vest will be equal to the aggregate number of Investment Shares purchased (and still held), up to any matching limit that applies, multiplied by the matching ratio.

4. Terms of Free Share Awards

4.1 Timing of grant

Free Share Awards may only be granted within a period of 42 days starting on any of the following:

- (i) the day the Plan is approved by shareholders;
- (ii) the business day following the announcement of the Company's results for any period;
- (iii) any day on which changes to the legislation or regulations affecting share plans are announced or take effect;
- (iv) any day on which the Committee decides that exceptional circumstances justify the grant of awards; and



- (v) if Dealing Restrictions prevented the granting of Free Share Awards in the periods mentioned above, the day those Dealing Restrictions are lifted.

Participants may be required to accept Free Share Awards or specific terms of Free Share Awards. Free Share Awards may lapse if they are not accepted within the time specified. Alternatively/additionally, participants may be allowed to disclaim all or part of Free Share Awards within a specified period (in which case, the Free Share Award will be deemed never to have been granted).

4.2 Performance or other conditions

Free Share Awards may be granted to participants subject to performance conditions, or other conditions, that must normally be satisfied in order for Free Share Awards to vest. However, the Committee is not required to include performance conditions or other conditions.

4.3 Amendment of performance or other conditions

The Committee may change a performance condition, or other conditions, in accordance with its terms, or if anything happens that causes the Committee to reasonably consider the change would be appropriate. An amended performance condition will not be materially less or more difficult to satisfy than the original condition was intended to be.

4.4 Vesting

Subject to the satisfaction of any performance conditions, and other conditions that apply, Free Share Awards will normally vest on the later of the date the Committee decides the performance conditions/other conditions have been satisfied and the vesting date specified by the Committee at the grant date.

5. Other terms applicable to Awards

5.1 No payment

A participant is not required to pay for the grant of a Free Share Award or a Matching Share Award.

5.2 Not pensionable

Benefits under the Plan are not pensionable.

5.3 Transfer

Free Share Awards, Matching Share Awards and rights to purchase Investment Shares may not be transferred or otherwise disposed of except on the participant's death.



Once purchased on behalf of a participant, Investment Shares may be transferred by a participant. However, the transfer will normally cause the related Matching Share Award to lapse pro-rata if the Matching Share Award has not yet vested.

5.4 Mobile participants

If a participant moves jurisdiction or becomes tax resident in a different jurisdiction (without leaving employment) and, as a result, there may be adverse legal, regulatory, administrative or tax consequences in connection with the participant's participation in the Plan, the Committee may adjust or lapse the participant's Awards, or decide to treat the participant as a leaver, as the Committee considers appropriate.

5.5 Source of Shares

Awards may be satisfied using newly issued, treasury or existing Shares (although see section 1.8 (Duration of Plan) above).

5.6 Administrative errors

If the Committee grants an Award:

- (i) in error, it will be deemed never to have been granted and/or will immediately lapse; and/or
- (ii) which is inconsistent with any provisions of the Plan, will take effect only to the extent permissible under the Plan.

6. Settlement of Matching Share Awards and Free Share Awards

6.1 Delivery

Following vesting of a Matching Share Award or a Free Share Award, Shares (or cash, if a phantom award) will normally be delivered to the participant (or the Nominee, on their behalf) as soon as practicable. Shares acquired on vesting will normally be held by the Nominee on behalf of the participant.

6.2 Cash and net settlement

The Committee may decide to settle an award partly or fully in cash instead of Shares. Vesting and/or the subsequent delivery of cash or Shares to the participant may be delayed due to Dealing Restrictions.

6.3 Lapse

To the extent a Matching Share Award or Free Share Award or any part of it is no longer capable of vesting, it will lapse.

6.4 Shareholder rights



All Shares issued in connection with the Plan will rank equally with other Shares then in issue. The Company will apply for the listing of any Shares issued in connection with the Plan.

Participants will not be entitled to any dividend, voting or other rights in respect of Shares until the Shares are issued or transferred (as appropriate) to the Nominee on their behalf.

In respect of any Shares held by the Nominee under the Plan on behalf of participants, any shareholder distributions paid by the Company on those Shares in cash will normally be applied in purchasing further Shares. If shareholder distributions are paid in C shares, they will normally be redeemed for cash by the Nominee and, when there is sufficient cash, will be applied in purchasing further Shares. Any further Shares acquired in this way will normally be held by the Nominee on behalf of participants

7. Taxation

7.1 Withholding

Any member of the Group, any employing company, the Nominee or any third party provider nominated by the Committee may make withholding arrangements to meet any liability for any tax or social security, and to meet any applicable dealing or currency exchange costs, or for any other associated costs.

These withholding arrangements may include deductions from the participant's pay and/or from any cash payment owed to the participant. They may also include reducing the number of Shares the participant acquires on vesting and settling that balance in cash (and withholding from that cash), or the sale of some or all of the Shares the participant acquires under the Plan.

The participant may be required to indemnify any member of the Group in relation to any tax and social security liabilities that may arise in connection the Plan and/or enter into tax elections for a particular tax and/or social security treatment.

7.2 US tax summary

For Investment Shares, a participant who is a US taxpayer generally should not recognize taxable income for US income tax purposes upon the purchase of the Investment Shares because those Shares are purchased for their market value on the purchase date.

For Free Share Awards and Matching Share Awards, a participant who is a US taxpayer generally will not recognize taxable income for US federal tax purposes upon the grant of the Award. Instead, the participant will recognize as ordinary income the fair market value of any Shares delivered in settlement of the Award (or amount of cash, if a phantom



award). The ordinary income that the participant recognizes will be subject to applicable federal income and employment tax withholding.

Upon selling any Shares acquired by a participant who is a US taxpayer under an Award, the participant generally will recognize a capital gain or loss in an amount equal to the difference between the sale price of the Shares and the amount of ordinary income that the participant recognized from the settlement of the Award (or if Investment Shares, the purchase price paid for those Shares).

State and local tax consequences may in some cases differ from the federal tax consequences. In addition, Awards under the Plan may be made to employees who are subject to tax in jurisdictions other than the United States and may result in consequences different from those described above. Participants should consult their own tax advisors as to individual tax consequences of participation in the Plan, including consequences under applicable non-US tax laws.

7.3 US asset reporting

Participants who are US citizens and US residents may be subject to Foreign Bank and Financial Accounts (FBAR) and/or Foreign Account Tax Compliance Act (FATCA) reporting as a result of their participation in the Plan.

FBAR reporting generally is required if the individual has an interest in or signature authority over one or more covered non-US financial accounts whose aggregate value exceeds USD 10,000 at any time during a calendar year. Reports are filed electronically through the Bank Secrecy Act (BSA) E-filing System on Financial Crimes Enforcement Network (FinCEN) on Form 114.

FATCA reporting generally is required if the individual who own “specified foreign financial assets” that have an aggregate value that exceeds the applicable threshold. Reports are made on Form 8938, which is attached to the individual’s federal income tax return.

Participants should consult with their personal tax advisors as to whether they are subject to FBAR and/or FATCA reporting.

8. Leaving

8.1 General

If a participant leaves the Group:

- (i) their rights to purchase Investment Shares will lapse, but contributions made or in the process of being made will normally be used to purchase Investment Shares (which will qualify for a



Matching Share Award, where applicable, up to any matching limit that applies);

- (ii) any unvested Matching Share Awards will normally vest early; and
- (iii) any unvested Free Share Awards will normally lapse.

Following leaving, a participant will be required to remove their Shares from the Nominee.

Special rules apply to US taxpayers' awards – see section 11.2 (US participants).

8.2 Leaving after vesting

Where a participant leaves after a Matching Share Award or Free Share Award has vested, the award will normally continue in accordance with the provisions of the Plan.

8.3 Meaning of leaving

A participant will be considered to have left the Group when no longer employed by (or a director of) any member of the Group (or an associated company).

8.4 Summary dismissal

If, at any time, a participant is summarily dismissed or leaves in circumstances that would have justified the participant's summary dismissal, the participant's Matching Share Awards and/or Free Share Awards will immediately lapse.

9. Corporate events

9.1 General

In the event of a takeover (including a scheme of arrangement or a person becoming bound or entitled to acquire Shares under UK company law) or proposed voluntary winding up of the Company, rights to purchase further Investment Shares will lapse, Matching Share Awards will normally vest early and Free Share Awards will vest if and to the extent the Committee decides.

In some circumstances (including internal reorganisations in particular), Matching Share Awards and Free Share Awards may instead be exchanged for new awards.

9.2 Variation of capital

In the event of a variation in the share capital of the Company, a demerger, special dividend or distribution or any other transaction that the Committee believes will materially affect the value of Shares, the Committee may adjust the number or class of Shares to which a Matching Share Award or Free Share Award relates and the number of matched Investment Shares.



Alternatively, if the Committee considers an adjustment is not practicable or appropriate, vesting may be accelerated on a similar basis as for other corporate events.

10. Changing the Plan

10.1 Shareholder approval requirements

The Committee may change the Plan in any way at any time, but the Company will obtain prior shareholder approval for any change that is to the advantage of present or future participants and which relates to any of the following: the persons who may receive Shares or cash under the Plan; the total number or amount of Shares or cash that may be delivered under the Plan; the maximum entitlement for any participant; the basis for determining a participant's entitlement to, and the terms of, Shares or cash provided under the Plan; the rights of a participant in the event of a capitalisation issue, rights issue, open offer, sub-division or consolidation of shares, reduction of capital or any other variation of the Company's share capital; or to the provision in the rules requiring shareholder approval for changes.

There is an exception for minor amendments to benefit the administration of the Plan, to comply with or take account of any change in legislation and/or to obtain or maintain favourable tax, exchange control or regulatory treatment of any member of the Group or any present or future participant.

10.2 Participant consent requirements

No change may be made to the material disadvantage of one or more participants in respect of subsisting rights without the written consent of the affected participant(s) or unless all such disadvantaged participants have been asked for their consent and a majority of those who respond give consent. Similar exceptions for minor amendments as apply to the shareholder approval requirement apply to the obligation to seek participant consent.

11. Schedules to the Plan

11.1 Schedules and further plans

The Committee may establish further plans or schedules based on the Plan, but modified to take account of any local tax, exchange control or securities laws in other jurisdictions, provided any awards made under them count towards the individual and plan limits in the Plan.

As at the date of this summary, there are 4 schedules, covering the US, the State of California in the US, China and Germany respectively.



11.2 US taxpayer participants

Schedule 1 applies to US taxpayers' Awards. This schedule requires that US taxpayers' Awards be administered and interpreted so as to qualify for an exemption from Section 409A of the U.S. Internal Revenue Code of 1986, as amended (**Section 409A**). In practice, this means there is a strict (and often shorter than usual) time limit on the settlement of Awards in order to avoid violating Section 409A. However, the tax treatment of Awards under the Plan is not guaranteed. Each participant is solely responsible and liable for the satisfaction of all taxes, penalties and interest that may be imposed on the participant in connection with the Plan or any Award, including any taxes, penalty and/or interest under Section 409A. No member of the Group has any obligation to indemnify or otherwise hold a participant harmless from any or all of such taxes, penalty or interest.

Briefly, Free Share Awards and Matching Share Awards must normally be settled no later than 15 March of the year following the lapse of the 'substantial risk of forfeiture'. Generally, the lapse of the 'substantial risk of forfeiture' occurs at vesting, but may occur earlier in certain situations, such as for certain good leavers. As a consequence of Section 409A, special leaver provisions apply to a US taxpayer's Matching Share Awards, including a rule that their Matching Share Awards normally lapse when they leave unless they are leaving for a good leaver reason.

11.3 California participants

For participants who work or reside in California, additional terms apply under Schedule 2 of the Plan in order to satisfy the exemption from California securities law under Section 25102(o) of the California Corporate Securities Law of 1968, as amended. In the event of a stock split, reverse stock split, stock dividend, recapitalisation, combination, reclassification or other distribution of the Company's securities, the number of securities allocated to each participant who works or resides in California will be proportionately adjusted to the extent required by Section 25102(o).

11.4 China participants

Schedule 3 of the Plan contains variations to the Plan for participants who are registered with the State Administration of Foreign Exchange of the People's Republic of China and its local-level branch offices (**SAFE**). The Plan is varied to ensure compliance with foreign exchange requirements in that jurisdiction, including alternative leaver treatment where necessary or desirable for compliance with SAFE rules, and alternative treatment for shareholder distributions to comply with SAFE requirements.

11.5 German taxpayer participants

Schedule 4 of the Plan contains variations to the Plan for certain participants who are German taxpayers, in order for the Plan to qualify for tax advantages in Germany. In particular, an equal treatment requirement applies under German law.



12. General

12.1 Costs of Plan

The Company will pay the costs of introducing and running the Plan. The Company may however require a participant's employer to share the costs on such basis as the Committee considers fair. Data protection

12.2 Data Protection

Participation in the Plan will be subject to: (a) any data protection policies applicable to any relevant Group member; and (b) any applicable privacy notices.

12.3 Conflict

In the event of any conflict between the Plan and this summary, the terms of the Plan will control.

12.4 Additional information

Additional information about the Plan and the Nominee may be obtained by request in writing to the Reward Team at shareplans@rolls-royce.com

13. US risk factor statement

The following information is intended to provide, at a high level, the risks associated with an investment in the Shares pursuant to the Plan.

13.1 Business and operational risk factors

There are a number of business and operational risk factors that the Company faces that may impact the value of the Company and, in turn, the value of the Shares. These risk factors should be reviewed carefully. The business and operational risk factors can be found in the Company's most recent annual report under "Annual Report" at <https://www.rolls-royce.com/investors.aspx>.

13.2 Share price risk

The value of Shares may fall as well as rise. The future value of Shares cannot be predicted with certainty. Market forces may impact the price of the Shares and, in the worst case, may become zero. The Company does not secure, guarantee or warrant a specified level of return.

13.3 Currency conversion

The Shares are listed in GBP on the London Stock Exchange, and the value of the Shares to you may be affected by movements in the GBP/USD exchange rate. There may also be an exchange rate risk in relation to any cash which is held in USD for use to buy



Shares listed in GBP. The Company is not liable in any way for any loss in value due to movements in the exchange rate.

13.4 Delisting risk

There is a risk that the Shares may cease to be listed. If such a delisting were to occur, there may be no market for your Shares.

13.5 No legal, tax or financial advice

The information and materials provided do not take into account your objectives, financial situation or needs. Any information provided is not intended to qualify as advice. You are recommended to consult an independent authorised financial advisor if unsure of the contents of the Plan.

13.6 Resale of Shares

The Shares have not been registered with the US Securities and Exchange Commission and are deemed “restricted securities” under US securities laws. Within the US, the Shares you acquire may not be offered, sold, transferred, or otherwise disposed of for a period of one year after their receipt and you may be required to hold your Shares for an indefinite period of time. Outside the US, the Shares may be sold at any time in ordinary transactions on the London Stock Exchange pursuant to Regulation S of the Securities Act if certain conditions are satisfied

13.7 Securities laws

The Company is not required to deliver Shares unless and until it completes any registration, exemption or qualification requirements or obtains any clearance or approval that the Company considers is necessary or desirable. Neither the Company nor any employer is under any obligation to register, exempt or qualify, or seek clearance or approval for the grant of Awards or delivery of Shares. Invitations to participate in the Plan are not intended for the general public and may not be used for any public offer which requires a prospectus. No prospectus or similar offering or registration document has been prepared, authorised or approved by any applicable authority in the US. The regulatory bodies in the US accept no responsibility for the accuracy and completeness of the statements and information contained in the documents made in connection with the Plan, and take no liability whatsoever for any loss arising from reliance upon those documents.

14. Financial statements

The most recent full-year and half-year financial statements of the Company can be found under “Results, reports and presentations” at <https://www.rolls-royce.com/investors.aspx>.