



Rolls-Royce plc (the “Company”)
The Rolls-Royce plc SharePurchase Plan (the “Plan”)
Free Share Agreement

The Company intends to grant you an award of free shares under the Rolls-Royce plc SharePurchase Plan (the “Free Share Award”). A summary of the terms of this Free Share Award, which will apply between you, the Company and Equiniti Share Plan Trustees Limited (the “Trustee”) is set out below.

The terms of the Free Share Award are set out in this Free Share Agreement, together with Plan rules. The definitions in the Plan rules apply to this Free Share Agreement.

The terms of the free Share Award require you to opt out of the award if you do not wish to receive it. If you do not complete and return an opt-out form by 2 September 2024 you will be deemed to have accepted the Free Share Award. A link to the opt-out form can be found on e-mail communications sent directly to you, and also on www.shareplans.rolls-royce.com up until 2 September 2024.

PLEASE NOTE THE PRICE OF SHARES AND ANY INCOME FROM THEM MAY GO DOWN AS WELL AS UP AND THE SHARES AWARDED TO ME MAY FALL IN VALUE, INCLUDING TO NIL.

The Company agrees to arrange for a Free Share Award to be awarded to me, according to the rules of the Plan and the terms set out in this Free Share Agreement.

By accepting a Free Share Award, I agree to the following:

1. Eligibility

To be able to receive a Free Share Award I must be a UK resident taxpayer and be employed by a Participating Company on both the 1 August 2024 (the start of the eligibility period) and the 12 September 2024 (the award date).

2. Holding period

The Free Share Award will be subject to a Holding Period of 3 years from the Award Date. During the Holding Period my Free Share Award will be held by the Trustee and I shall not assign, charge or otherwise dispose of my beneficial interest in the Free Share Award before the end of the Holding Period.

After the end of the Holding Period, I may ask the Trustee for my Plan Shares, although I may have to pay Income Tax (“tax”) & National Insurance contributions (“NICs”) when the Shares are removed.

3. Leavers



If I leave employment with the Company or any Associated Company at any time, any Holding Period will cease to apply, the Plan Shares will cease to be subject to the Plan and, as soon as practicable, they will be dealt with in accordance with my instructions. This may also lead to forfeiture of my Shares (see 4. below).

I understand that in leaving the employment of the Company, I have 30 calendar days to direct the Share Plan Administrators in respect of my Plan Shares. I agree that where an instruction is not received within 30 calendar days, any Plan Shares remaining after any sale required for tax and/or NICs will exit the Plan and be placed into the Rolls-Royce Corporate Sponsored Nominee to be held on my behalf by Equiniti Financial Services Limited in accordance with the Rolls-Royce Corporate Sponsored Nominee Terms and Conditions, available at www.shareview.uk/info/csn or by calling Equiniti Financial Services Limited on +44 (0)333 207 6388. Lines are open from 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales). Where I do not meet the Terms and Conditions of the Rolls-Royce Corporate Sponsored Nominee (age and/or country of residence requirements), I agree that a Share Certificate will be issued to my registered address at my risk.

4. Forfeiture

I understand that if I cease to be in Relevant Employment within 12 months of the Free Shares being awarded I will forfeit the right to receive the Shares unless I leave for one of the following reasons:

- injury or disability
- redundancy
- transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 2006 apply
- change of control or other circumstances ending the associated company status of the employer company
- retirement
- death

5. Shareholder distributions

I understand that if Rolls-Royce Holdings plc makes shareholder distributions this is by issuing redeemable C Shares, of 0.1pence each. The payment of shareholder distributions is not guaranteed. C Shares will be held in the Trust under the same terms as the Free Shares issued under the Plan.

For any C Shares issued in respect of my free shares, I can elect to:

- Redeem in full at the next available opportunity, with tax and NICs to pay, or;



- Redeem once they become tax free (after five years) or;
- Keep all C Shares

If no election is made the default is Keep all C Shares.

I understand that:

- the C Share entitlement will be allocated as at the original date that my free shares were issued and will not become tax-free until the 5 year anniversary of this original date.
- Any C Shares I elect to keep can be left in the hands of the Trustee or other persons appointed by the Trustees.
- Any payments will be paid direct to my salary bank account. If the Trustee does not have salary bank account details a cheque will be sent to my registered address.
- Any C Share entitlement paid by the Company to the Trustee will be held in a non-interest bearing account until they are either re-invested as shares or redeemed as cash to me.

6. Tax

If 3. Leavers applies, or I ask the Trustee for my Shares at any time after the end of the Holding Period I understand I may be liable for, and have to pay, Tax when the Shares are taken out of the Plan. I understand that the Company and/or, if different, my employer, cannot guarantee any particular tax treatment or influence the amount of any Tax.

The Company and, if different, my employer, or their agents (including the Trustee), may satisfy any withholding obligations for Tax by:

- selling some or all of my Plan Shares; or
- withholding from my salary or other cash remuneration,

No Shares will be released to me until arrangements have been made for the payment of any Tax.

7. Rights issue

If there is a rights issue, I agree to allow the Trustees to sell some of the rights attached to my Shares in the Plan, to exercise the rights attached to other Shares held by me in the Plan. In the event that there is insufficient time to take the action outlined above (as deemed by both the Company and the Trustee) or the sale of rights is insufficient to fund the exercise of any of my rights, the Trustee will sell the rights and pass the funds to me

8. Restrictions



I understand that the following restrictions apply to Shares acquired under the Plan:

- dealings in my Shares may be restricted further under the Company's Inside Information and Share Dealing Policy, or any other internal or external restrictions on dealings or transactions in Plan Shares. The restrictions under this Inside Information and Share Dealing Policy may prevent me from joining the Plan, acquiring Shares under the Plan, withdrawing Shares from the Plan and/or transferring or selling Shares during certain periods. Please see our Inside Information and Share Dealing Policy on ourcode.rolls-royce.com and the Governance Team page on Engine Room here for more information.
- my Shares are subject to forfeiture provisions. I will lose my Free Shares if I cease to be in Relevant Employment within one year from the date of the Award, unless the employment ceased for one of the following reasons:
 - injury or disability
 - redundancy
 - transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 2006 apply
 - change of control or other circumstances ending the associated company status of the employer company
 - retirement
 - death

9. No public offer

The grant of the Free Share Award is strictly private and personal to me and rights under the Plan may not be transferred or assigned unless expressly confirmed by the Company in writing.

The Plan is not intended to constitute a public offering.

This offer is being made to employees as part of an employee incentive programme in order to provide an additional incentive and to encourage employee share ownership and to increase your interest in the success of Rolls-Royce plc. The Company offering these rights is Rolls-Royce plc. (the "**Company**"). The shares which are the subject of these rights are ordinary shares in the Rolls-Royce Holdings plc. More information in relation to the Company, including the share price, can be found at the following web address: www.rolls-royce.com

The obligation to publish a prospectus does not apply because of Section 86(1)(aa) of the Financial Services and Markets Act 2000 (as amended, supplemented or substituted by any UK legislation enacted in connection with the UK's exit from the European Union). The total maximum number of shares which are the subject of this offer is 6.6 million.



10. Independent advice recommended

The information provided by the Company or its service providers (including without limitation, the Trustee) in respect of the Plan does not take into account my individual circumstances and does not constitute investment advice. I understand the Plan involves certain risks and I am advised to exercise caution in relation to the Free Share Award. I acknowledge that I have had the opportunity to consult with my own independent legal, financial and/or tax advisor in all cases and that neither my employer, or any person acting on behalf of my employer, has provided me with any financial advice with respect to the Free Share Award. I acknowledge that my employer does not guarantee a specified level of return on the Free Share Award.

11. No effect on employment-related rights

Any compensation I receive in connection with the Plan is not part of my base salary or wages. The Free Share Award does not affect my rights and obligations under the terms of my employment and it will not be taken into account (except to the extent required by local law) in determining any other employment-related rights I may have, including without limitation rights in relation to severance, redundancy or end-of service payments, bonuses, long-service awards, pension or retirement benefits.

I waive any and all rights to compensation or damages in consequence of the termination of my employment for any reason whatsoever insofar as those rights arise or may arise from my ceasing to have rights under, or be entitled to receive payment in respect of, the Plan as a result of such termination, or from the loss or diminution in value of such rights or entitlements.

In addition, I acknowledge that the opportunity to participate in the Plan is offered outside of any employment contract I may have with my employer and will not be interpreted to form an employment contract or relationship with the Company.

12. Plan participation

Participation in the Plan is governed by the Plan rules. In addition:

- I confirm I have read and understand the Plan rules and the terms of this Free Share Agreement and agree to be bound by them;
- the Plan is offered by the Company on a discretionary basis and I am participating in the Plan on a voluntary basis;
- I agree to accept the Free Shares in Rolls-Royce Holdings plc awarded to me under the Plan.



- the Company may decide to terminate, suspend or modify the terms of the Plan at any time in accordance with the Plan rules, in which case my obligations under the Holding Period will cease to apply the Company will contact me with further details;
- Plan documents may be sent by electronic delivery and participation in the Plan may be through an on-line or electronic system established and maintained by the Company, Trustee or any Plan administrator;
- there is a share price risk that Shares awarded to me under the Plan may fall in value, including to nil;
- if I forfeit the Award, I am not entitled to any compensation or damages and I will not bring a claim for any loss in relation to the Award or my participation in the Plan.
- I understand that I can withdraw from this Agreement at any time by giving notice in writing to the Trustee.
- I understand that withdrawal from this Agreement will not affect the terms on which Shares already held for me under the Plan are held.
- I understand that my obligations during the Holding Period will end if the Company terminates the Plan and I have consented to the transfer of the Shares to me.
- I understand that my obligations under the Holding Period are subject to:
 - the right of the trustees to sell my Shares to meet PAYE obligations;
 - the Trustees accepting at my direction an offer for my Shares in accordance with the Plan.
- I understand that a statement will be issued on an annual basis commencing six months after allocation.
- I understand that taking part in the Plan does not affect my rights, entitlements, and obligations under my contract of employment, and does not give me any rights or additional rights to compensation or damages if my employment ceases.
- I allow the Trustee to sell some or all of my Plan Shares to pay any tax and NICs in respect of my shares ceasing to be subject to the Plan, unless I provide them in advance with a cheque that is drawn on a UK bank account in my name and have sufficient funds to pay these amounts.

13. Data Protection

In addition to the information on data privacy provided in my employment agreement, I have also read and acknowledge any Company data privacy notice in relation to the holding and processing of personal data (including sensitive personal data) provided by me to any Member of the Group, trustee or third party service provider, for all purposes relating to the operation of the Plan and for compliance with applicable procedures, laws and regulations. The Rolls-Royce Share Plan Privacy Notice can be found on www.shareplans.rolls-royce.com. Navigate to the UK information, and then 'Legal Documents'. To read the latest Equiniti version, please visit <https://privacy.equiniti.com>.

14. Governance



My participation in the Plan, the provisions of this Free Share Agreement and the Free Share Award are governed by, and subject to, English law and the English Courts have non-exclusive jurisdiction over any disputes that may arise.

15. Company

The Company agrees to arrange for shares in Rolls-Royce Holdings plc to be bought for or awarded to me, according to the Rules of the Plan.

I understand that:

- I agree that the administration of the Plan will be carried out by Equiniti Limited in conjunction with the Trustee.
- I agree that Equiniti Limited, the Trustee and the Company can all share information collected including name, account number, and salary bank account details in connection with the Plan and my account with each other to the extent necessary for each party to perform their role under the Plan.
- These instructions remain in force until cancelled by me by giving notice in writing or otherwise as detailed under the Rules of the Plan.

16. Trustee

The Trustee is part of the Equiniti group of companies whose registered office is Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom registered in England and Wales number 3925002. The main business of the Trustee is to act as Trustee for UK tax-advantaged Share Incentive Plans.

The Trustee:

- will not be responsible for advising me on the suitability of any transaction in relation to the Plan.
- may, whether itself or through another member of the Equiniti group of companies, provide other services in relation to the administration of the Plan and may be compensated for these services.

17. Equiniti Limited

I understand that:

- the Company and/or the Trustee may delegate the performance of services and the administration of the Plan to Equiniti Limited, part of the Equiniti group of companies



(but Equiniti Limited will not thereby become a party to this Agreement except to benefit from the rights and disclaimers conferred on the Trustee).

- I will not become a customer of Equiniti Limited nor will I have any rights or obligations against or rights to give instructions directly to Equiniti Limited. Equiniti Limited is acting for the Company and/or the Trustee and not for me.
- Equiniti Limited is a part of the Equiniti group of companies whose registered office is Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom registered in England and Wales number 6226088.

18. How to complain

If I have any complaints about the service provided to me under this agreement, I can put my complaint in writing to Equiniti Limited at: Complaint Resolution Team, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom, or I can email Equiniti Limited at: **customerresolution@equiniti.com**.

19. Conflicts of interest policy

The Equiniti group of companies has established and implemented a Conflicts of Interest Policy (which may be revised and updated from time to time), which sets out how they seek to identify and manage all material conflicts of interest. Such conflicts of interest can occur in their day-to-day business activities, for example, where one of their clients could make a gain at the direct expense of another client, or they might be faced with an opportunity to make a gain, but this would be to the direct disadvantage of one or more of their clients.

Depending on the exact nature of the conflict of interest involved, they may take certain actions in accordance with the Conflicts of Interest Policy to mitigate the potential impact of the conflict. Such actions may include putting in place controls between the opposing sides of the conflict, which may control or prevent the exchange of information, and/or involve the appropriate management of staff activities and segregation of duties. Where such controls would be insufficient to eliminate the potential material risk of damage to clients from specific conflicts, then they will disclose the general nature and/or source of those conflicts of interest prior to them undertaking the relevant business.

Full details of the Conflicts of Interest Policy are on their website at www.shareview.co.uk or contact them and ask for a printed copy.

At the time of the issue of this document, no material conflicts of interest were identified which could not be managed in accordance with the provisions made above.

20. General provisions

I understand that:






The Plan will be governed by the Trust Deed and Rules of the Plan under English Law. I agree that legal action relating to this agreement may only be dealt with by the courts of England and Wales. Any contact made by the parties to this agreement in relation to these terms and conditions will be in the English language. All instructions and notices to me under this agreement must be given to me under the Rules of the Plan.

The Trustee will take any actions considered necessary in their reasonable opinion to comply with all applicable laws and regulations or any requirements of any regulatory body that are binding upon them.

The Trustee and the Company may vary the terms on which participation is offered. Should the terms of this agreement change in such a way as to have an effect on my entitlements, or the service provided under the Plan, either the Trustee or the Company will write to me, giving me 30 calendar days' notice, outlining the changes and when they are due to take effect. If I no longer wish to participate on these terms, I should write to the Trustee in accordance with the Rules of the Plan.

If a gain is made in the course of administering the Plan, the Trustee will be entitled to keep it.

21. Contacting Equiniti Limited

-  ESP Portal www.esp-portal.com/
-  Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
-  Employee Helpline +44 (0)333 207 6388
Lines are open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales)

 myshareplan@equiniti.com

For deaf and speech impaired customers, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. You can also contact us by using our e-mail service myshareplan@equiniti.com. Please provide your Company name in the subject line.

Please contact us to request this document in an alternative format, for example, braille or audio.