



ROLLS-ROYCE HOLDINGS PLC

SHAREHOLDING REQUIREMENTS POLICY

Approved by the Remuneration Committee: 10 May 2023

Policy owner: Chief Governance Officer

A- Scope

1. This Policy is mandatory and applies to the Chief Executive, Chief Financial Officer (together, the Executive Directors), and members of the Executive Team (the ET) of Rolls-Royce Holdings plc (the Company).
2. Although Non-Executive Directors of the Company are encouraged to build a small personal holding during the term of their appointment, they are not subject to this Policy.
3. The Remuneration Committee (the Committee) has the discretion to identify other individuals to whom this Policy will apply.

B - Purpose

1. The purpose of this Policy is to align the interests of the Executive Directors and the ET to those of Company shareholders by requiring Executive Directors and the ET to build a high level of personal shareholding in the Company during their employment.
2. Executive Directors are also required to retain a shareholding for a specified post-employment holding period.

C – Shareholding requirements

1. Individuals are required to establish and maintain a level of share ownership in proportion to a percentage of base salary, as set out below:

Chief Executive	400%
Chief Financial Officer	200% ¹
Executive Team	100%

2. Share interests that are included in the shareholding requirements are as follows:
 - a. shares vested from Company share plans and held in the EQ Global Nominee or EQ Corporate Sponsored Nominee;
 - b. shares held in the individuals' own name or by a nominee;
 - c. shares held as part of the SharePurchase Plan (SPP); and
 - d. the estimated net-of-tax shares held in trust as part of unvested awards under the Rolls-Royce Long-Term Incentive Plan (LTIP) and Rolls-Royce Incentive Plan (Incentive Plan) where the awards are not, or are no longer, subject to any performance conditions.

¹ Increasing to 300% with effect from the appointment of the new Chief Financial Officer in 2023



3. Share interests that are not included in the shareholding requirements are as follows:
 - a. shares held prior to an individual being subject to this Policy, unless the individual wishes them to be;
 - b. shares held by individuals' Persons Closely Associated (PCA), unless the PCA has given express permission for them to be;
 - c. shares subject to unvested awards under the LTIP where the awards are subject to performance conditions; and
 - d. options granted under the Rolls-Royce UK Sharesave or International Sharesave plans.
4. Where the shareholding requirements are not met, individuals may only dispose of shares in the following circumstances:
 - a. to cover taxation;
 - b. to cover any costs associated with the vesting or exercise of a share award;
 - c. up to 50% of any shares acquired following vesting of an award under the LTIP or Incentive Plan;
 - d. in connection with the operation of the Malus and Clawback Policy; or
 - e. where the Committee determines there are exceptional circumstances, which may include where:
 - i. the individual is in severe financial difficulty;
 - ii. being unable to dispose of shares would cause or contribute to severe financial difficulty;
 - iii. the disposal is necessary to enable statutory obligations to be met;
 - iv. the disposal is necessary to comply with a court order; or
 - v. a corporate transaction occurs.
5. Where the shareholding requirements are not met, individuals may not transfer shares from their own name or a nominee to a PCA who has not given express permission for their shares to be included in the shareholding requirements (see clause 3.b).
6. Individuals must comply with the Company's Inside Information & Share Dealing Group Policy.
7. Individuals are expected to meet the shareholding requirements within five years from the date they become subject to this Policy (the Required Period).
8. Where the shareholding requirements are not met in the Required Period, the Committee may:
 - a. require individuals to redeem any C Shares and reinvest the proceeds to purchase Ordinary Shares;
 - b. require individuals to defer some, or all, of the cash element of the Incentive Plan into Ordinary Shares; and
 - c. reconsider individuals' continued participation in any discretionary share plans.



9. Individuals are not obliged to buy shares themselves in order to meet the shareholding requirements. The intention of this Policy is for individuals to build up their shareholding from awards made by the Company.
10. This Policy will no longer apply to an individual following their death.

D – Post-employment shareholding requirements

1. Upon leaving the Company, Executive Directors are required to retain the lower of:
 - a. their shareholding requirement; or
 - b. their actual shareholding at leaving date (based only on share interests that are included in the shareholding requirements);for 12 months following leaving date and then 50% of that amount for the following 12 months.
2. The Committee may require Executive Directors to provide proof of continued beneficial ownership of shares during, and at the end of, their post-employment holding period.
3. The Committee may waive or modify the application of this section D in its discretion, including in compassionate circumstances.

E - Reporting

1. Individuals' achievement against this Policy will be reported to the Committee in the second quarter of each year.
2. Executive Directors' achievement against this Policy will also be reported in the Company's Annual Report as at 31 December.
3. In both cases, the shareholding requirements will be calculated as per the individuals' base salary at the reporting date and the average closing share price over the three months prior to the reporting date.
4. Where a currency conversion is required to calculate the shareholding requirements, this will be calculated as per the average exchange rate over the three months prior to the reporting date.
5. The Chief Governance Officer is responsible for reporting individuals' achievement against this Policy.

F – Authority

1. The Committee is responsible for reviewing this Policy and approving any amendments, as proposed by the Chief Governance Officer.
2. All determinations and decisions of the Committee under the Policy are final and binding in all respects. The Committee can exercise any discretion regarding the application of this Policy.
3. Notices or other communications in respect of this Policy will be given in writing, including by electronic means, by the Chief Governance Officer or the Corporate Governance Director.
4. This Policy is governed by the laws of England and Wales who have exclusive jurisdiction in respect of any disputes arising in connection with this Policy.