

This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 18 July 2024. Changes in legislation or practice after this date may affect the tax treatment.

## Tax - Employee Notes - Your Shares: Gifted

Canada	
<b>When will I be taxed in relation to my plan benefits?</b>	<b>Award:</b> No income tax or social security. <b>Unlocking:</b> Income tax and social security. <b>Sale by participant:</b> Capital gains tax on increase in value since time of unlocking. Taxable amount is one-half of any capital gain (or, if realizing annual gains in excess of CAD250,000 after 24 June 2024, the taxable amount will be two-thirds of the gain). No social security.
<b>What is the maximum rate of income tax payable in relation to my plan benefits?</b>	54.8% (2024). Any change in tax rates usually takes effect from 1 January.
<b>Income tax rates</b>	Canada operates a system of federal and provincial or territorial taxes. The top federal tax rate is 33% for income over CAD246,752 (2024). The highest combined federal and provincial/territorial rate is 54.8% in the province of Newfoundland and Labrador. In Quebec, the highest combined rate is 53.31% and in Ontario it is 53.53%. The rate of withholding varies by province and can be higher than the marginal rate (up to the maximum rate).
<b>Will my employer withhold income tax in relation to my plan benefits?</b>	Yes.
<b>Are my plan benefits subject to social security contributions?</b>	Yes.

This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 18 July 2024. Changes in legislation or practice after this date may affect the tax treatment.

## Tax - Employee Notes - Your Shares: Gifted

Canada	
<b>Will my employer withhold social security contributions in relation to my plan benefits?</b>	Yes.
<b>Employee social security</b>	<p><b>Employee social security (max rate):</b></p> <p><b>For share related and most other non-cash benefits, pension plan contributions (2024):</b></p> <ul style="list-style-type: none"> <li>• <b>Federal:</b> 5.95% and 4.00% for CPP2;</li> <li>• <b>Quebec:</b> 6.40%.</li> </ul> <p><b>For most cash payments and benefits, combined pension plan contributions and employment insurance premiums (2023):</b></p> <ul style="list-style-type: none"> <li>• <b>Federal:</b> 7.61%;</li> <li>• <b>Quebec:</b> (up to approximately) 8.214% including Quebec parental insurance premiums.</li> </ul> <p><b>Employee social security (cap):</b></p> <p><b>Maximum amount of earnings subject to pension plan contributions (2024):</b></p> <p><b>Federal and Quebec:</b> CAD68,500 with a basic exemption of CAD3,500. The maximum annual contribution to the plan is CAD3,867.50 (Federal) and CAD4,160 (Quebec). From 2024, a higher, second earnings ceiling of CAD73,200 will be implemented and used to determine second additional CPP contributions (CPP2). Pensionable earnings between CAD68,500 and CAD73,200 are subject to CPP2 contributions and the maximum contribution will be CAD188.00 each for employees and employers.</p> <p><b>Maximum contribution for employment insurance (2024):</b> the maximum insurable earnings are CAD63,200 and the maximum annual premium is:</p>

This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 18 July 2024. Changes in legislation or practice after this date may affect the tax treatment.

## Tax - Employee Notes - Your Shares: Gifted

Canada	
	<ul style="list-style-type: none"><li>• <b>Federal:</b> CAD1,049.12 (EI premium rate of 1.66%);</li><li>• <b>Quebec:</b> CAD834.24 plus CAD464.36 for parental insurance premiums.</li></ul>
<b>What is the maximum rate of capital gains tax?</b>	54.8% (tax on sale is on one-half of any capital gain, that amount is then subject to marginal rate taxes). Individuals realizing annual gains in excess of CAD250,000 after 24 June 2024 will be required to include two-thirds of the gain into income (instead of only one-half).
<b>How will I be taxed on shareholder distributions?</b>	<p>In Rolls-Royce, if a decision is taken to make shareholder distributions, these are currently paid in the form of 'C Shares'. You will only be eligible to receive C Shares on Your Shares: Gifted once they unlock. After that, you will receive C Shares on your unlocked shares, whenever we pay them, until you choose to sell your shares. Whilst you hold your unlocked shares in your Equiniti share account, your C Shares will be redeemed for cash which will automatically be reinvested into ordinary shares.</p> <p><b>Issue of C Shares:</b> included in income as a foreign sourced dividend and subject to income tax at marginal rates. This tax will not be collected by Rolls-Royce. No social security. The maximum tax rate is 54.8% (foreign dividend tax rates depend upon the employee's province of residence and their income level).</p> <p><b>Redemption of C Shares and reinvestment into ordinary shares:</b> no income tax or social security,</p> <p><b>Sale of reinvested ordinary shares:</b> taxed as a capital gain and subject to capital gains tax. This tax will not be collected by Rolls-Royce. No social security.</p>

This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 18 July 2024. Changes in legislation or practice after this date may affect the tax treatment.

## Tax - Employee Notes - Your Shares: Gifted

Canada	
<b>Do I have to report any income in relation to the plan to my local tax authority?</b>	<p>Yes, an employee is required to file an annual return and this would cover reporting on income that has been withheld, paid and reported by the employer. There is no specific filing in relation to share related incentives such as Your Shares: Gifted. Individuals must report foreign property holdings in excess of CAD100,000 at any time during the year (Form T1135).</p> <p><b>Report name:</b> Annual Tax Return (Form T1). The tax return can be filed online. The tax return can be downloaded from the website <a href="#">here</a>. Foreign property is filed on Form T1135, the Foreign Income Verification Statement (and/or the Quebec equivalent, as applicable). The report can be obtained <a href="#">here</a>.</p> <p><b>Tax period:</b> 1 January to 31 December.</p> <p><b>Reporting deadline:</b> tax returns and foreign income statement must be filed by 30 April.</p> <p><b>Payment of tax:</b> any outstanding tax amount is due by 30 April.</p>