

NOTICE OF 2021 ANNUAL GENERAL MEETING OF ROLLS-ROYCE HOLDINGS PLC



Annual General Meeting – 11.00am on Thursday, 13 May 2021 at Kings Place, London.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action that you should take, you should consult an independent financial adviser. If you have recently sold or transferred your shareholding in Rolls-Royce Holdings plc (the Company) you should forward this document to your bank, stockbroker or other agent through whom the sale or transfer was made for transmission to the purchaser or transferee.

Dear Shareholder

The Company's Annual General Meeting (AGM or Meeting) will be held at 11:00am on Thursday, 13 May 2021 at Kings Place, London N1 9FX. The resolutions proposed and explanatory notes about each of them can be found on pages 2 to 5. Biographies for each Director standing for election or re-election can be found on pages 6 and 7. The Board reviews these annually to ensure they give clarity regarding the skills and competencies each Director brings to the Board and, therefore, their contribution to the long-term sustainable success of the Company.

Our preference would be to welcome shareholders in person to our 2021 AGM, particularly given the constraints we faced in 2020 due to COVID-19. However, following the guidelines announced by the UK Government on 22 February 2021, and in effect at the date of this letter, there are restrictions on public gatherings and travel. As a result, shareholders and other attendees will not currently be permitted to attend the AGM in person and physical attendance at the AGM will be limited to the minimum number required to form a quorum (which will be facilitated by the Company). We appreciate that the AGM is your opportunity to receive an update on the Company and ask questions of the Board. To ensure engagement with our shareholders in these exceptional circumstances, it is our intention to live stream the Meeting. The arrangements will allow shareholders to hear from the Company, ask questions and follow the business of the AGM on their computer, tablet or smart phone from their location of choice although this will not constitute formal attendance at the Meeting. Further details of how to participate in the Meeting are set out in Appendix 5.

Changing circumstances

Given the constantly evolving nature of the situation, we want to ensure that we are able to adapt our arrangements and welcome shareholders to the AGM should the current restrictions be revised. In these circumstances, it is likely that shareholder attendance would require prior registration and guests would not be permitted. We will continue to monitor UK Government guidelines and any changes to our Meeting arrangements will be notified via our website.

Your Board believes that all of the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of all resolutions and unanimously recommend that you do so as well.

I regret that, in the current circumstances, it will not be possible to meet in person at the forthcoming AGM and look forward to the opportunity to do so at future meetings.

Yours sincerely
Sir Ian Davis
Chairman

Business of the AGM

Notice is hereby given that the AGM of the Company will be held at Kings Place, 90 York Way, London N1 9FX at 11.00am on Thursday, 13 May 2021. You will be asked to consider and, if thought fit, to pass the resolutions set out below.

Ordinary Resolutions 1–22

Report and accounts

1. To receive the Company's accounts and the reports of the Directors and the auditor for the year ended 31 December 2020.

Remuneration policy and report

2. To approve the Directors' remuneration policy to take effect from the conclusion of the AGM.
3. To approve the Directors' remuneration report for the year ended 31 December 2020.

Election and re-election of Directors

4. To re-elect Sir Ian Davis as a Director.
5. To re-elect Warren East CBE as a Director.
6. To elect Panos Kakoullis as a Director.
7. To elect Paul Adams as a Director.
8. To re-elect George Culmer as a Director.
9. To re-elect Irene Dorner as a Director.
10. To re-elect Beverly Goulet as a Director.
11. To re-elect Lee Hsien Yang as a Director.
12. To re-elect Nick Luff as a Director.
13. To re-elect Sir Kevin Smith CBE as a Director.
14. To re-elect Dame Angela Strank as a Director.

Re-appointment and remuneration of the auditor

15. To re-appoint PricewaterhouseCoopers LLP (PwC) as the Company's auditor to hold office until the conclusion of the next general meeting at which financial statements are laid.
16. To authorise the Audit Committee, on behalf of the Board, to set the auditor's remuneration.

Political donations and expenditure

17. To resolve that in accordance with part 14 of the Companies Act 2006 (the Act), the Company and all companies that are its subsidiaries (together the Group) during the period for which this resolution has effect are authorised to:
 - a) make donations to political parties and/or independent election candidates;
 - b) make donations to political organisations other than political parties; and
 - c) incur political expenditure;

up to an aggregate amount for the Group of £100,000, and the amount authorised under each of paragraphs (a) to (c) shall also be limited to such amount during the period from the date that this resolution is passed to the earlier of the conclusion of the Company's AGM in 2022 or close of business on 30 June 2022.

Authority to allot ordinary shares

18. To authorise the Directors generally and unconditionally to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company:
 - a) up to a nominal amount of £557,839,799 equal to the first s551 amount as defined in Article 12 of the Articles of Association (Articles); and
 - b) comprising equity shares up to a nominal amount of £1,115,679,599 equal to the second s551 amount as defined in Article 12 of the Articles.

The prescribed period as defined in Article 12 of the Articles for which the authorities conferred by this resolution are given shall be a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the Company's AGM in 2022 or 30 June 2022, whichever is sooner.

Approval of the Rolls-Royce Incentive Plan

19. That the Rolls-Royce Incentive Plan (the Incentive Plan), the main features of which are summarised in Appendix 1 to this Notice and the rules of which have been produced to the Meeting, be approved and that the Directors be authorised to:
 - a) do all acts and things which they may consider necessary or expedient to carry the Incentive Plan into effect; and
 - b) establish schedules to, or further share based plans based on, the Incentive Plan but modified to take account of local tax legislation, exchange control or securities laws in overseas territories, provided that any shares made available under any such schedules or further plans are treated as counting against the limits on individual and overall participation in the Incentive Plan.

Approval of the Rolls-Royce SharePurchase Plan

20. That the Rolls-Royce SharePurchase Plan (the SharePurchase Plan), the main features of which are summarised in Appendix 2 to this Notice and the rules of which have been produced to the Meeting, be approved and that the Directors be authorised to:
 - a) do all acts and things which they may consider necessary or expedient to carry the SharePurchase Plan into effect; and
 - b) establish schedules to, or further share based plans based on, the SharePurchase Plan but modified to take account of local tax legislation, exchange control or securities laws in overseas territories, provided that any shares made available under any such schedules or further plans are treated as counting against the limits on individual and overall participation in the SharePurchase Plan.

Approval of the Rolls-Royce UK Sharesave Plan

21. That the Rolls-Royce UK Sharesave Plan (the UK SAYE), the main features of which are summarised in Appendix 3 to this Notice and the rules of which have been produced to the Meeting, be approved and that the Directors be authorised to:
 - a) do all acts and things which they may consider necessary or expedient to carry the UK SAYE into effect; and
 - b) establish schedules to, or further share based plans based on, the UK SAYE but modified to take account of local tax legislation, exchange control or securities laws in overseas territories, provided that any shares made available under any such schedules or further plans are treated as counting against the limits on individual and overall participation in the UK SAYE.

Approval of the Rolls-Royce International Sharesave Plan

22. That the Rolls-Royce International Sharesave Plan (the International SAYE), the main features of which are summarised in Appendix 4 to this Notice and the rules of which have been produced to the Meeting, be approved and that the Directors be authorised to:

- a) do all acts and things which they may consider necessary or expedient to carry the International SAYE into effect; and
- b) establish schedules to, or further share based plans based on, the International SAYE but modified to take account of local tax legislation, exchange control or securities laws in overseas territories, provided that any shares made available under any such schedules or further plans are treated as counting against the limits on individual and overall participation in the International SAYE.

Special Resolutions 23–25

Disapplication of pre-emption rights

23. To resolve that, subject to the passing of resolution 18, the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in s560(1) of the Act) for cash under the authority provided by resolution 18 and/or to sell ordinary shares held by the Company as treasury shares for cash as if s561 of the Act did not apply to any such allotment or sale, provided that such authority shall be limited to:

- a) a pre-emptive offer; and
- b) otherwise than in connection with a pre-emptive offer, up to a nominal amount of £83,675,970 being the s561 amount in the Articles;

such authority to expire at the end of the Company's AGM in 2022 or 30 June 2022, whichever is sooner.

Authority to purchase own shares

24. To resolve that the Company be and is generally and unconditionally authorised, for the purposes of s701 of the Act, to make market purchases (within the meaning of s693(4) of the Act) of its ordinary shares provided that:

- a) the maximum number of ordinary shares to be purchased is 836,759,698;
- b) the minimum price which may be paid for an ordinary share is 20 pence (being the nominal value of an ordinary share) and the maximum price which may be paid for each ordinary share is the higher of:
 - i) an amount equal to 105% of the average of the middle market prices for the ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and
 - ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Trading System (in both cases exclusive of expenses);

and this authority shall expire at the end of the Company's AGM in 2022 or 30 June 2022, whichever is sooner, and a contract to purchase shares under this authority may be made prior to the expiry of this authority and concluded, in whole or in part, after the expiry of this authority.

Adoption of new Articles of Association

25. To resolve that, with effect from the conclusion of the AGM, the amended Articles of Association of the Company, produced to the Meeting and initialled by the Chairman of the Meeting for the purposes of identification, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board

Pamela Coles
Company Secretary

17 March 2021

Rolls-Royce Holdings plc
Kings Place
90 York Way
London N1 9FX
rolls-royce.com

Registered in England and Wales No: 7524813

Explanation of Resolutions Resolutions 1 to 22 are Ordinary Resolutions – for these resolutions to be passed more than 50% of votes cast must be in favour.

RESOLUTION 1 – REPORT AND ACCOUNTS

The 2020 Annual Report is available at rolls-royce.com. A printed copy of the Annual Report has been sent to those shareholders who have requested this.

RESOLUTION 2 – THE DIRECTORS' REMUNERATION POLICY

All UK listed companies must seek shareholder approval of their remuneration policy every three years, or earlier if it is proposed that the policy is changed during that period. Our current remuneration policy was approved by shareholders at the 2020 AGM. Due to COVID-19, we have revised our policy to ensure it incentivises appropriately for the unique challenges Rolls-Royce faces. This is set out in the letter from the Chair of the Remuneration Committee on pages 81 and 82 of the Annual Report. Details of the proposed Directors' Remuneration Policy are set out on pages 85 to 91 of the Annual Report.

RESOLUTION 3 – THE DIRECTORS' REMUNERATION REPORT

It is a requirement of company law that the Directors' remuneration report, which is set out on pages 92 to 100 of the Annual Report, is put to a shareholder vote. This is an advisory resolution but in the event that a substantial minority of shareholders vote against the Directors' remuneration report, the Company will respond and explain how it will address shareholder concerns.

RESOLUTIONS 4 TO 14 – ELECTION AND RE-ELECTION OF DIRECTORS

The Articles require that, at the AGM, all Directors at the date of the Notice of AGM shall retire from office. The Directors will put themselves forward for election or re-election at the AGM. Biographies of each Director standing for election and re-election are included in this Notice on pages 6 and 7.

In accordance with the UK Corporate Governance Code (the Code), the Board has reviewed the independence of its Non-Executive Directors and has determined that each of them remains fully independent of management. The Code states that whilst the Chairman should, on appointment, be independent, thereafter the test of independence is not appropriate in relation to that post. Sir Ian Davis met the Code's independence criteria upon his appointment as Chairman.

RESOLUTIONS 15 AND 16 – RE-APPOINTMENT OF THE AUDITOR AND AUDITOR’S REMUNERATION

On the recommendation of the Audit Committee, the Board proposes the re-appointment of PwC as the Company’s auditor for the financial year commencing 1 January 2021. Details of the remuneration paid to PwC in 2020 can be found in note 7 of the Consolidated Financial Statements of the Annual Report. Resolution 16 will authorise the Audit Committee, on behalf of the Board, to determine the auditor’s remuneration for 2021.

RESOLUTION 17 – POLITICAL DONATIONS AND EXPENDITURE

The Company’s policy is that it does not, directly or through any subsidiary, make what are commonly regarded as donations to any political party and the Company has no intention of using this authority for that purpose. However, the Act defines political donations very broadly and so it is possible that normal business activities, such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties and support for bodies representing the business community in policy review or reform, which might not be thought of as political expenditure in the usual sense, could be captured. Activities of this nature would not be thought of as political donations in the ordinary sense of those words.

Shareholder approval is being sought on a precautionary basis only, to ensure that the Group does not commit any technical breach of the Act.

RESOLUTION 18 – AUTHORITY TO ALLOT ORDINARY SHARES

The directors of a company may only allot shares (or grant rights to subscribe for, or convert any security into shares) if authorised to do so. Article 9(a) of the Articles authorises the Directors to allot shares up to a maximum nominal amount specified each year. This is called the ‘first s551 amount’ in the Articles. Resolution 18(a) enables the Directors to allot new shares up to a nominal value of £557,839,799 representing approximately one third of the total issued ordinary share capital of the Company as at 16 March 2021*.

Article 9(b) of the Articles authorises the Directors to allot further shares in the case of a rights issue, in line with guidance issued by the Investment Association. This is called the ‘second s551 amount’ in the Articles. Resolution 18(b) enables the Directors to allot new shares up to a nominal value of £1,115,679,599 representing approximately two thirds of the total issued ordinary share capital of the Company as at 16 March 2021* (as reduced by the nominal amount of any shares issued under resolution 18(a)). As at 16 March 2021*, the Company did not hold any shares in treasury.

RESOLUTION 19 – APPROVAL OF THE ROLLS-ROYCE INCENTIVE PLAN

The Company is proposing to adopt a new Incentive Plan. This plan will replace the Company’s APRA plan and is designed to facilitate the award of shares under the incentive plan outlined in the Directors’ remuneration policy proposed in resolution 2.

The Board confirms that all Rolls-Royce share plans will continue to operate strictly within the Investment Association’s dilution limits. The main features of the Incentive Plan are summarised in Appendix 1 to this Notice. A copy of the rules of the Incentive Plan will be available for inspection, as noted on page 8.

RESOLUTION 20 – APPROVAL OF THE ROLLS-ROYCE SHAREPURCHASE PLAN

The Company is proposing to adopt a new SharePurchase Plan. The SharePurchase Plan is a UK all-employee share ownership plan, originally in a form approved by shareholders on 31 May 2001 for 10 years and further approved by shareholders on 6 May 2011 for an additional period of 10 years. The Company is now seeking shareholder approval for the SharePurchase Plan for a further 10 years on the basis of modernised and updated rules. The SharePurchase Plan has been designed to comply with the relevant legislation governing UK tax advantaged share incentive plans so that UK employees of Rolls-Royce plc and its participating subsidiaries may be provided with ordinary shares in the capital of the Company in a tax-efficient manner. The main features of the SharePurchase Plan are summarised in Appendix 2 to this Notice. A copy of the rules of the SharePurchase Plan will be available for inspection, as noted on page 8.

RESOLUTION 21 – APPROVAL OF THE ROLLS-ROYCE UK SHARESAVE PLAN

The Company is proposing to adopt a new UK SAYE. The UK SAYE will replace the Company’s existing UK sharesave plan on very similar terms. The UK SAYE has been designed to comply with the relevant UK legislation so that UK employees of Rolls-Royce plc and Directors of the Company and its participating subsidiaries may purchase ordinary shares in the capital of the Company in a tax-efficient manner. The Board confirms that all Rolls-Royce share plans will continue to operate strictly within the Investment Association’s dilution limits. The main features of the UK SAYE are summarised in Appendix 3 to this Notice. A copy of the rules of the UK SAYE will be available for inspection, as noted on page 8.

RESOLUTION 22 – APPROVAL OF THE ROLLS-ROYCE INTERNATIONAL SHARESAVE PLAN

The Company is proposing to adopt a new International SAYE. The International SAYE is an all-employee save-as-you-earn plan. It has been designed based on the UK SAYE and has very similar terms. However, the International SAYE will be operated for employees who do not qualify for the UK SAYE, primarily those based overseas. It does not benefit from the tax efficiencies that the UK SAYE is designed to achieve but this means it can generally operate more flexibly than the UK SAYE, given that it does not need to comply with the relevant tax legislation that governs the UK SAYE. The International SAYE will replace the existing international sharesave plan on very similar terms. The main features of the International SAYE are summarised in Appendix 4 to this Notice. A copy of the rules of the International SAYE will be available for inspection, as noted on page 8.

Resolutions 23–25 are Special Resolutions – for these resolutions to be passed, 75% or more of votes cast must be in favour.

RESOLUTIONS 23 – DISAPPLICATION OF PRE-EMPTION RIGHTS

Under s561(1) of the Act, when new ordinary shares are issued, they must first be offered to the existing shareholders on a pre-emptive basis (unless they are issued or sold in connection with an employee share scheme). This is called a pre-emption right.

* 16 March 2021 being the latest practicable date prior to the publication of this Notice.

It is proposed that the Directors be authorised to issue an amount of new ordinary shares, or sell treasury shares, for cash without first offering them to existing shareholders. This amount is equal to a nominal amount of £83,675,970 equal to 5% of the Company's issued ordinary share capital as at 16 March 2021* and being the s561 amount in the Articles. The Directors believe that seeking the disapplication of pre-emption rights, up to this amount, will allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue.

In line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro-rata basis over the last three years and the Board confirms its intention to follow best practice set out in the Pre-Emption Group's Statement of Principles which provides that usage of this authority in excess of 7.5% of the Company's ordinary share capital for cash other than to existing shareholders in any rolling three-year period would not take place without prior consultation with shareholders.

RESOLUTION 24 – AUTHORITY TO PURCHASE OWN SHARES

This Resolution gives the Company authority to buy back its own ordinary shares in the market as permitted by the Act. The Directors believe that, in common with many other listed companies, the Company should obtain from shareholders a general authority to make market purchases of its own ordinary shares on the London Stock Exchange. This Resolution specifies the maximum number of shares which may be acquired (up to 10% of the Company's issued ordinary share capital as at 16 March 2021*) and the minimum and maximum prices at which they may be bought.

On 16 March 2021*, there were options over ordinary shares in the capital of the Company representing 1.12% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares was exercised in full and those shares were subsequently cancelled, these options would represent 1.24% of the Company's issued and voting ordinary share capital.

This authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per ordinary share and would be in the best interests of shareholders generally. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review.

RESOLUTION 25 – AUTHORITY TO ADOPT NEW ARTICLES OF ASSOCIATION

The Company is proposing to adopt new Articles of Association (the New Articles) in order to update the Company's current Articles of Association (the Current Articles). The resolution adopting the New Articles will only become effective from the conclusion of the AGM.

In particular, the New Articles contain specific provisions to clarify that the Company can hold hybrid general meetings (including annual general meetings) and to set out how such meetings are to be conducted. Under the New Articles, the Company may hold hybrid general meetings in such a way that enables shareholders to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic facility. Voting at hybrid meetings will, by default, be decided on a poll. Hybrid meetings may be adjourned in the event of a technological failure.

These changes will provide the Board with greater flexibility to align with technological advances, changes in investor sentiment and evolving best practice, particularly in light of the COVID-19 pandemic and the uncertain duration of social distancing measures and restrictions on gatherings. The Board believes that hybrid meetings will allow for greater shareholder and stakeholder engagement over the coming years in a way that is more convenient for all parties. Absent exceptional circumstances, members of the Board intend to continue the practice of attending general meetings of the Company in person. In line with the views expressed by the Investment Association and Institutional Shareholder Services, the changes will not permit meetings to be held exclusively on an electronic basis, so a physical meeting will still be required. In deciding whether and how to hold a hybrid general meeting in future, the Company will have regard to the views of shareholders and institutional governance bodies at the relevant time as well as to relevant guidance or codes of best practice.

The Current Articles (Article 63) already allow for the possibility of satellite/multi-venue meetings, such as the use of overflow rooms. Satellite meetings are legally valid even without such a provision but certain changes have also been made to clarify the applicable provisions for such meetings.

The principal changes relating to hybrid meetings are contained in Articles 58, 63, 65, 66, 67, 69 and 77 in the New Articles and are explained above. Certain other consequential changes have been made to other articles in the Current Articles to reflect the new provisions relating to hybrid meetings. There are also certain other minor amendments included in the New Articles, such as to:

- a) clarify the Board or Chairman's powers to ensure the security, health and safety of those attending general meetings (including hybrid general meetings); and
- b) allow the Company, where appropriate, to make changes to the arrangements for general meetings (including the introduction, change or cancellation of electronic facilities) after notice of the meeting has been issued and to give notice of any such changes in any manner considered appropriate (rather than via an advertisement in two national newspapers).

A copy of the Current Articles and New Articles will be available for inspection, as noted on page 8.

* 16 March 2021 being the latest practicable date prior to the publication of this Notice.

Directors' biographies

Sir Ian Davis

Chairman of the Board
Chair, Nominations & Governance Committee

Appointed to the Board on 1 March 2013 and as Chairman on 2 May 2013.

Board skills and competencies Sir Ian brings tremendous financial and strategic experience. He has worked widely with global organisations and companies, enabling him to draw on his knowledge of diverse issues and outcomes. Sir Ian's wealth of business knowledge as well as his global experience means that he makes a considerable contribution to the Board, the Company's stakeholders and its future.

Key external appointments

Current

- Johnson & Johnson Inc., non-executive director
- McKinsey & Company, senior partner emeritus

Past

- BP p.l.c., senior independent director (2010 to 2020)
 - Cabinet Office, non-executive board member (2015 to 2016)
 - McKinsey & Company, various executive roles (1979 to 2010)
-

Warren East CBE

Chief Executive

Appointed to the Board on 1 January 2014 and as Chief Executive on 3 July 2015.

Board skills and competencies Warren is a chartered engineer and has an outstanding record as a chief executive officer. He has a deep understanding of technology and developing long-term partnerships. He has proven strategic and leadership skills in a global business and a strong record of value creation. Warren harnesses the Company's world-class engineering skills and its proud record of innovation and delivery.

Key external appointments

Current

- ASML Holdings N.V., member of the supervisory board

Past

- ARM Holdings plc, chief executive (2001 to 2013)
-

Panos Kakoullis

Chief Financial Officer

To be appointed to the Board on 3 May 2021.

Board skills and competencies Panos has over 30 years of experience working with a wide range of significant multinational corporations, leading audits and advising on M&A transactions and turnarounds. He has been credited as one of the most highly regarded Big Four audit partners globally. Delivering significant transformation programmes throughout his career at Deloitte, he brings strong leadership and an appetite for innovation, collaboration and simplification.

Key external appointments

Past

- Deloitte LLP, various partner and leadership director roles (1989 to 2019)
-

Paul Adams

Independent Non-Executive Director

Appointed to the Board on 11 March 2021.

Board skills and competencies Paul has deep experience across the aerospace industry and in engine manufacturing in particular, gained from over 30 years of leadership experience in the aviation industry. He has a passion for engineering and broad, sector-specific operational experience. His industry focus is undoubtedly a great asset to both our Safety, Ethics & Sustainability Committee and our Science & Technology Committee.

Key external appointments

Current

- OC Oerlikon Corporation AG, Pfäffikon, board member
- Aerion Corporation, board member

Past

- Precision Castparts, chief operating officer (2016 to 2018)
 - Pratt & Whitney, various executive roles (1999 to 2016)
-

George Culmer

Independent Non-Executive Director

Appointed to the Board on 2 January 2020.

Board skills and competencies George has a strong track record as a senior finance professional with significant experience gained in large, international, highly regulated groups and has proven business leadership credentials. With this experience, together with his strengths in change leadership and transformation gained from within complex groups, George makes a significant contribution to the Board.

Key external appointments

Current

- Aviva plc, chairman

Past

- Lloyds Banking Group plc, chief financial officer (2012 to 2019)
 - RSA Insurance Group plc, group financial officer (2004 to 2012)
-

Irene Dörner

Independent Non-Executive Director

Chair, Remuneration Committee

Employee Champion

Appointed to the Board on 27 July 2015.

Board skills and competencies Irene has held a number of varied international roles during her career, including risk management and human resources, and draws on her considerable experience as Chair of the Remuneration Committee. As a passionate advocate of diversity and inclusion, Irene has embraced the role of Employee Champion and ensures the views of the workforce are properly reflected in the Board's discussions.

Key external appointments

Current

- AXA SA, director
- Taylor Wimpey plc, chair
- Control Risks Group, chair

Past

- HSBC, various executive roles (1986 to 2014)
-

Beverly Goulet

Independent Non-Executive Director
Rolls-Royce North America Holdings, Inc., board member
Employee Champion, North America

Appointed to the Board on 3 July 2017.

Board skills and competencies Having spent a considerable amount of her career in the airline industry, Bev brings valuable knowledge and operational experience to the Board. She has significant expertise in finance, treasury, strategy, legal and governance matters. She has the expertise and experience to be able to confidently contribute to decision-making and actively take part in developing and strengthening our businesses.

Key external appointments

Current

- Xenia Hotels & Resorts, Inc., director
- American Airlines Federal Credit Union, chair

Past

- American Airlines, Inc., various executive roles (1993 to 2017)
-

Lee Hsien Yang

Independent Non-Executive Director
Employee Champion, Asia Pacific

Appointed to the Board on 1 January 2014.

Board skills and competencies A Singaporean national, Hsien Yang combines a strong background in engineering with extensive international business and management experience in our most important growth markets. Through his varied career history, Hsien Yang has gained significant industrial and financial skills which have proved invaluable in his current committee memberships.

Key external appointments

Current

- INSEAD South East Asia Council, president

Past

- Civil Aviation Authority of Singapore, chairman (2009 to 2018)
-

Nick Luff

Independent Non-Executive Director
Chair, Audit Committee

Appointed to the Board on 3 May 2018.

Board skills and competencies Nick is an experienced finance executive having been CFO of a number of listed companies across a variety of industries. He has broad financial skills and a track record of driving business performance. His extensive non-executive and audit committee experience, together with both financial and accounting expertise and a passion for engineering, is invaluable to the Board.

Key external appointments

Current

- RELX plc, chief financial officer

Past

- Lloyds Banking Group plc, non-executive director (2013 to 2017)
 - QuinetiQ Group plc, non-executive director (2004 to 2010)
-

Sir Kevin Smith CBE

Senior Independent Director
Chair, Science & Technology Committee

Appointed to the Board on 1 November 2015.

Board skills and competencies Sir Kevin has extensive industrial leadership experience and a deep knowledge of global engineering and manufacturing businesses, as well as the aerospace industry. As Chair of the Science & Technology Committee, Sir Kevin has been able to draw on his extensive experience and make a significant contribution to development and growth of key strategies.

Key external appointments

Current

- L.E.K. Consulting LLC, european advisory board member

Past

- Unitas Capital PTE LTD, partner & chairman (2012 to 2015)
 - GKN plc, group chief executive (2003 to 2011)
-

Dame Angela Strank

Independent Non-Executive Director
Chair, Safety, Ethics & Sustainability Committee (from 13 May 2021)

Appointed to the Board on 1 May 2020.

Board skills and competencies Dame Angela brings a proven track record in managing engineering operations and driving technology, digital research and sustainability programmes. She brings a wealth of corporate experience to the Board, having served on the executive team at BP and being one of the most senior female executives in the energy industry, as well as having non-executive experience.

Key external appointments

Current

- Severn Trent plc, non-executive director
- SSE plc, non-executive director

Past

- BP p.l.c., various executive roles (1982 to 2020)
-

Important notes

Issued share capital and total voting rights

As at 16 March 2021*, the issued share capital of the Company consisted of 8,367,596,989 ordinary shares of 20 pence each, 25,936,865,217 C Shares of 0.1 pence each and one Special Share of £1. At the AGM, voting on the resolutions set out in this Notice will be by way of a poll. Holders of ordinary shares will be entitled to one vote for each ordinary share held. The Special Shareholder (as defined in the Articles) is entitled to receive notice of and to attend and speak, but has no right to vote, at a general meeting. C Shares do not carry the right to receive notice of any general meeting of the Company nor to attend, speak or vote at any general meeting except one at which a resolution to wind up the Company is to be considered. Therefore, the total number of voting rights in the Company as at 16 March 2021* was 8,367,596,989.

Nominated Persons

The main point of contact for Nominated Persons remains the registered shareholder (or the custodian or broker who administers the investment on their behalf). Any person who has been nominated under s146 of the Act to enjoy Information Rights (a Nominated Person) may, under an agreement with the registered shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed), as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, the Nominated Person may, under any such agreement, have a right to give instructions to the shareholders as to the exercise of voting rights, but you cannot yourself appoint a proxy. Alternatively, if you do not have such a right, or do not wish to exercise it, you may have the right under such an agreement to give instructions to the registered shareholder as to the exercise of voting rights.

Corporate representatives

The Companies (Shareholders' Rights) Regulations 2009 allow multiple representatives appointed by the same corporate member to vote in different ways on a poll (provided they do not do so in relation to the same shares).

American depositary receipt (ADR) holders

Registered holders should contact the depositary:

J.P. Morgan Chase Bank N.A.
PO Box 64504
St Paul, MN 55164-0504
USA

Phone: +1 800 990 1135 (from outside the USA +1 651 453 2128)

or via www.adr.com/contact/jpmorgan

If you are a broker or institutional investor, please contact:

J.P. Morgan Depositary Receipts
383 Madison Ave, Floor 11
New York, NY 10179

+1 866 576 2377

or via www.adr.com/contact/jpmorgan

ADR holders who do not hold their investment directly should contact the registered shareholder, custodian or broker, or whoever administers the investment on their behalf in relation to any rights under agreements with them to be appointed as a proxy to vote at the AGM.

Documents available for inspection

Shareholders may inspect the following documents at the Company's registered office during normal business hours:

- Executive Directors' service contracts;
- Non-Executive Directors' letters of appointment;
- deeds of indemnity granted to each Director;
- rules of the four proposed share plans proposed in resolutions 19–22; and
- a copy of the Current Articles and proposed New Articles proposed in resolution 25.

These will be available from the date of this Notice and up to and including the date of the AGM and at the place of the Meeting from 15 minutes before the start of the AGM until the close of the Meeting. Copies of the proposed share plan rules and the Current Articles and New Articles will be available on Lumi at least 15 minutes prior to and during the Meeting. In light of the ongoing pandemic, we would ask you to contact the Governance Team at governanceteam@rolls-royce.com if you would like to make arrangements to inspect a document.

Business at the AGM

Under s319A of the Act, shareholders have the right to ask questions at the AGM relating to the business of the Meeting and for these to be answered, unless the answer: would interfere unduly with the business of the Meeting; would involve the disclosure of confidential information; has already been published on the Company's website; or it is not in the interests of the Company or the good order of the Meeting that the question be answered.

Under s338A of the Act, shareholders may request the Company to include in the business to be dealt with at annual general meetings any matter (other than a proposed resolution) which may be properly included in the business, provided that it is not defamatory, frivolous or vexatious.

The Company will include such matter if sufficient requests have been received in accordance with s338A(3) of the Act. This requires a minimum of 100 shareholders who have a right to vote at the AGM and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100, or shareholders representing at least 5% of the total voting rights, to make the request which must be submitted in the manner detailed in s338A of the Act.

Information available on our website

The following information is available at rolls-royce.com:

- the matters set out in this Notice including the proposed New Articles proposed in resolution 25, the total voting rights and number of shares of each class in respect of which shareholders are entitled to exercise voting rights at the AGM, and shareholders' rights to include business to be dealt with at the AGM; and
- if applicable, shareholders' statements, resolutions and matters of business received by the Company after the date of this Notice.

Publication of audit concerns on our website

Under s527 of the Act, shareholders have a right to request publication of any concerns that they propose to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be submitted to the Meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM.

* 16 March 2021 being the latest practicable date prior to the publication of this Notice.

The Company will publish the statement on its website if sufficient requests have been received in accordance with s527(2) of the Act. This requires a minimum of 100 shareholders who have a right to vote at the AGM and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100, or shareholders representing at least 5% of the total voting rights, to make the request which must be submitted in the manner detailed in s527 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with such request.

Where a statement is published, the Company will forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required, under s527 of the Act, to publish on its website.

Communication

Except as provided above, shareholders who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted):

- by calling the Registrar's helpline on +44 (0)370 703 0162 between 8.30am and 5.30pm Monday to Friday;
- by writing to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom; or
- by emailing webqueries@computershare.co.uk

Entitlement to vote

To be entitled to vote, shareholders must be registered on the Company's Register of Members as at 6:00pm on Tuesday, 11 May 2021 (or, in the event of an adjournment, on the Register of Members 48 hours before the time of any adjourned meeting). Changes to the Register of Members made after the deadline will be disregarded in determining the rights of any person to vote at the AGM.

Appendix 1

Summary of the Rolls-Royce Incentive Plan

1. General

The operation of the Incentive Plan will be overseen by the Remuneration Committee of the Board of Directors of the Company (or a duly authorised committee) (the Committee).

Decisions of the Committee are final and conclusive.

Benefits under the Incentive Plan are not pensionable.

The Incentive Plan is governed by the laws of England and Wales, and the courts of England and Wales have exclusive jurisdiction in respect of any dispute.

2. Eligibility

Employees (including employed Executive Directors) and former employees of the Company and its subsidiaries (the Group) will be eligible to participate in the Incentive Plan at the discretion of the Committee.

Awards granted to former employees or employees who are on notice to terminate their employment with the Group can only be granted in respect of performance while employed within the Group, and cannot be granted to an individual whose employment ceased more than 12 months prior to the grant date.

Awards made to Executive Directors of the Company will comply with the shareholder-approved Directors' Remuneration Policy in effect at that time, particularly the application of individual limits and amount of deferral into awards, malus/clawback, vesting periods, and post-termination shareholding requirements.

3. Awards under the Incentive Plan

Awards will be granted in one or more of the following forms, at the discretion of the Committee:

- a share award, being a conditional right to acquire fully paid ordinary shares in the capital of the Company (Shares) in the future; or
- a phantom award, being a conditional right to receive a cash sum in the future linked to the value of a number of notional Shares.

The Incentive Plan also allows bonuses to be granted in upfront Shares instead of cash, with no vesting or holding period, or forfeiture, but normally subject to the Group's malus and clawback policy. These unrestricted upfront Share awards cannot be awarded to Executive Directors.

Share awards may be settled using newly issued, treasury or existing Shares.

Awards may not be transferred or otherwise disposed of except on the participant's death and no payment is required for the grant of an award.

4. Timing of awards

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

- the day the Incentive Plan is approved by shareholders;
- the business day following the announcement of the Company's results for any period;
- any day on which changes to the legislation affecting share plans are announced or take effect;
- any day on which the Committee decides that exceptional circumstances justify the grant of awards; and
- if restrictions on dealings or transactions in securities (Dealing Restrictions) prevented the granting of awards in the periods mentioned above, the day those Dealing Restrictions are lifted.

Awards may not be granted after termination of the Incentive Plan.

5. Dilution limits

Awards cannot be granted if they would cause the total number of Shares allocated to exceed 10%, or the Shares allocated in connection with discretionary plans to exceed 5%, of the ordinary share capital of the Company in issue.

The total number of Shares (10%) figure looks at the total number of new issue or treasury Shares that have been used to satisfy awards in the previous 10 years (or could still be used to satisfy awards) granted under the Incentive Plan or any other employee share plan operated by the Group. The discretionary plan (5%) figure is similar but looks at the awards granted under the Incentive Plan and any other discretionary employee share plan operated by the Group.

For so long as required by institutional investor guidelines, treasury Shares count towards these limits. Where certain variations of capital occur, the number of Shares taken into account under these limits will be adjusted as the Committee considers appropriate to take account of that variation.

6. Individual limits

Limits are normally determined naturally by the amount of the individual's bonus being deferred into the Incentive Plan.

Awards to Executive Directors may only be granted in accordance with the limits set out in the Directors' Remuneration Policy.

7. Conditions

Awards under the Incentive Plan are not subject to performance conditions after they are granted.

Awards may be granted subject to other conditions, that must normally be satisfied in order for awards to vest, although the Committee may change or waive the condition, in accordance with its terms, or if anything happens which causes the Committee to reasonably consider it appropriate.

8. Vesting of awards

Subject to the satisfaction of any conditions that apply, awards will normally vest on the vesting date specified by the Committee at the grant date. Awards may vest in tranches, in which case each tranche may have a different vesting date.

The Committee may adjust the extent to which an award will vest in light of:

- the wider performance of the Group or any member of the Group;
- the performance of the participant; or
- the experience of stakeholders.

Following vesting of an award, Shares (if a Share award) or cash (if a phantom award) will normally be delivered to the participant as soon as practicable.

The Committee may decide to settle a Share award partly or fully in cash instead of Shares.

Vesting and/or satisfaction of an award may be delayed due to Dealing Restrictions, or where an investigation is ongoing that might lead to malus and/or clawback being triggered.

Awards will normally carry the right to receive an additional amount, in cash or Shares, relating to the value of any shareholder payment (which are normally paid as C shares) with a record date from the award date until vesting of the award, as if the participant had owned the Shares (in respect of which the award vests) during that period. The additional amount will normally be paid in Shares for Executive Directors.

To the extent an award or any part of it is no longer capable of vesting, it will lapse.

If a participant moves jurisdiction (without leaving employment) and, as a result, there may be adverse legal, regulatory or tax consequences in relation to the participant's awards, the Committee may adjust or lapse those awards as it considers appropriate.

Where awards are granted in tranches, the rules relating to vesting and satisfaction will apply to each tranche separately as if each tranche was a separate award.

9. Malus and clawback

Awards are normally subject to the Group's malus and clawback policy, as updated from time to time. Under the policy, the board of Rolls-Royce plc may decide to reduce, cancel or forfeit an award (malus) or recover all or part of the value of an award that has been satisfied (clawback) if certain circumstances occur.

10. Leavers

If a participant leaves the Group before an award vests, the award will normally lapse, unless the reason for leaving is death, ill-health, injury or disability (evidenced to the satisfaction of the Committee), retirement by agreement with the employing company, redundancy, the transfer of the participant's employing business or company outside of the Group or any other reason at the Committee's discretion (a Good Leaver).

For Good Leavers, awards will normally continue until the normal vesting date (although vesting is accelerated in the case of death) and then vest in full, unless subject to conditions, in which case the award will normally vest to the extent any such conditions have been satisfied. However, the Committee can designate awards as time-vesting awards at grant, in which case a Good Leaver's awards will normally be subject to pro-rating for time if they leave before vesting.

Where a participant leaves after an award vests, the award will normally continue in accordance with the provisions of the Incentive Plan.

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

If, at any time, a participant is summarily dismissed or leaves in circumstances that would have justified the participant's summary dismissal, their awards will immediately lapse.

For awards granted to former employees or employees who are on notice to terminate their employment, the usual leaver rules do not apply, except that if the participant dies, the Good Leaver rules apply and if it is discovered that the participant could have been summarily dismissed, awards will immediately lapse.

Where awards are granted in tranches, with each tranche having different vesting dates, the leaver rules will apply to each tranche separately as if each tranche was a separate award.

11. Post-termination restriction for retirees

Executive Directors' awards are subject to a post-termination restriction, which means that the participant's award may lapse, or amounts be recovered in respect of it, if they receive Good Leaver treatment as a consequence of retirement and, within a specified period from leaving (normally 12 months), become employed or engaged as an executive director in another business (in a non-voluntary capacity).

Where awards are granted in tranches, these rules will apply to each tranche separately as if each tranche was a separate award.

12. Company events

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, awards will normally vest early.

In these circumstances, awards will normally only vest to the extent the Committee decides any conditions that apply have been satisfied. Depending on whether the Committee has determined it will be a time-vesting award at grant, the award will normally either vest in full; or pro-rata for time.

The Committee may decide that the Group's malus and clawback policy will no longer apply to an award, or will be varied in its application, if there is a company event.

In some circumstances (including internal reorganisations in particular), awards may instead be exchanged for new awards.

Where awards are granted in tranches, these rules will apply to each tranche separately as if each tranche was a separate award.

13. Variation of share 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 will materially affect the value of Shares, the Committee may adjust the number or class of Shares to which an award relates.

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

14. Rights attaching to Shares

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

Participants will not be entitled to any shareholder payment, voting or other rights in respect of Shares until the Shares are issued or transferred to them (as appropriate).

15. Amendments and termination

The Committee may change the Incentive 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 Incentive Plan; the total number or amount of Shares or cash that may be delivered under the Incentive 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 Incentive 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 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 Incentive Plan, to comply with or take account of a 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.

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.

The Committee may establish further plans or schedules based on the Incentive 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 Incentive Plan. At the date of this Notice, an international schedule is attached to the Incentive Plan in relation to potentially adverse tax rules for US taxpayers.

The Incentive Plan will terminate on 13 May 2031 (or on such earlier date as the Committee decides), although this will not affect any subsisting rights under the Incentive Plan.

This summary does not form part of the rules of the Incentive Plan and should not be taken as affecting the interpretation of their detailed terms and conditions. The Committee reserves the right to amend or add to the rules of the Incentive Plan up until the time of the AGM, provided that such amendments or additions do not conflict in any material respect with this summary.

Appendix 2

Summary of the Rolls-Royce SharePurchase Plan

16. General

The SharePurchase Plan is a UK all-employee share ownership plan, originally in a form approved by shareholders on 31 May 2001 for 10 years and further approved by shareholders on 6 May 2011 for an additional period of 10 years. Rolls-Royce plc (RR plc) is now seeking shareholder approval for the SharePurchase Plan for a further 10 years, on the basis of modernised and updated rules.

The SharePurchase Plan has been designed to comply with the relevant legislation governing UK tax advantaged share incentive plans (SIPs) so that UK employees of RR plc and its participating subsidiaries may be provided with Shares in the capital of the Company in a tax-efficient manner.

The operation of the SharePurchase Plan will be overseen by the RR plc Board of Directors (the RR plc Board) (or a duly authorised committee, such as the Company's Remuneration Committee (the Committee)).

Decisions of the RR plc Board are final and conclusive.

Benefits under the SharePurchase Plan are not pensionable.

The SharePurchase Plan is governed by the laws of England and Wales, and the courts of England and Wales have exclusive jurisdiction in respect of any dispute.

17. Eligibility

Broadly, all UK resident tax-paying employees (including employed Executive Directors) of RR plc and its participating subsidiaries are eligible to participate, provided that:

- they have such period of continuous employment as the RR plc Board may determine (not exceeding the relevant limits set out in the UK legislation governing SIPs from time to time);
- they are not participating at the same time in another SIP established by RR plc or a connected company; and
- if they have participated in more than one SIP established by RR plc or a connected company in that tax year, they have not exceeded any relevant limits set out in the UK legislation governing SIPs, (and here the limits are taken to apply on an aggregated basis to the SharePurchase Plan and any such other SIP).

Other employees who meet the eligibility criteria set out above but who are not UK resident taxpayers may also be offered the opportunity to participate, at the discretion of the RR plc Board.

If the RR plc Board decides to operate the Plan, all eligible employees must be invited to participate and must be invited on the same terms (except that the RR plc Board can decide not to invite those on notice to terminate their employment).

18. Awards under the SharePurchase Plan

Under the SharePurchase Plan, eligible employees may be:

- awarded up to £3,600 worth of free Shares each tax year (Free Shares);
- offered the opportunity to buy Shares using deductions taken from salary (before tax) of up to the lower of £1,800 and 10% of the employee's salary each tax year (SharePurchase Shares, often called partnership shares);
- given up to two free Shares for each SharePurchase Share bought (Matching Shares); and/or
- allowed or required to purchase Shares using any cash dividends received on Shares held in the SharePurchase Plan (Dividend Shares).

The limits set out above are the current limits under the UK legislation governing SIPs. Different limits may apply in the future, should the legislation change in this respect.

Awards may be settled using newly issued, treasury or existing shares. No newly issued Shares or Shares transferred from treasury may be used for new offers of awards made following the 10th anniversary of shareholder approval of the SharePurchase Plan unless further shareholder approval is obtained.

19. SharePurchase Plan Trust

The SharePurchase Plan operates through a UK resident trust (the Plan Trust), which holds Shares awarded to participants under the SharePurchase Plan on their behalves. The trust is governed by the terms of a trust deed.

20. Dilution limit

Awards cannot be made if they would cause the total number of Shares allocated to exceed 10% of the ordinary share capital of the Company in issue.

The total number of Shares figure looks at the total number of new issue or treasury Shares that have been used to satisfy awards in the previous 10 years (or could still be used to satisfy awards) made under the SharePurchase Plan or any other employee share plan operated by the Group.

For so long as required by institutional investor guidelines, treasury Shares count towards this limit. Where there is a variation in the share capital of the Company, the number of Shares taken into account under this limit will be adjusted as the RR plc Board considers appropriate to take account of that variation.

21. SharePurchase Shares

The RR plc Board may allow eligible employees to use salary (before tax) to buy SharePurchase Shares. Salary deductions will be a minimum of £10 on each occasion (or such other amount set out in the UK legislation governing SIPs) up to the SharePurchase Share limit set out above (or a lower limit specified by the RR plc Board). The RR plc Board can decide whether SharePurchase Shares will be awarded at regular intervals, on a one-off basis or both.

The salary deducted in order to purchase SharePurchase Shares can be accumulated for a period of up to 12 months (the Accumulation Period), after which it will be used to buy the SharePurchase Shares within 30 days, or alternatively SharePurchase Shares can be purchased within a 30-day period after each deduction is made. If there is an Accumulation Period, the number of Shares awarded may be determined by reference to the market value of Shares at either the beginning of the accumulation period or at the award date, or using the lower of those values.

A participant may stop and restart deductions, and may be permitted to vary deductions. Where an Accumulation Period is used, participants may not restart deductions more than once during any Accumulation Period.

The RR plc Board may set a maximum aggregate number of Shares available for an award of SharePurchase Shares. If the Committee receives valid applications in excess of this, applications may be scaled down.

Once acquired, SharePurchase Shares may be withdrawn from the Plan Trust by the participant at any time and they will not be forfeited.

22. Matching Shares and Free Shares

The RR plc Board may offer Matching Shares to eligible employees, in accordance with a specified matching ratio to the number of SharePurchase Shares bought. The RR plc Board may also decide to offer Free Shares to eligible employees.

A holding period of between three and five years (or such other period as permitted under the UK legislation governing SIPs) will apply to Matching Shares and Free Shares, as determined by the RR plc Board. During the holding period, participants generally cannot withdraw the Shares from the Plan Trust (or otherwise dispose of them), unless they cease relevant employment.

The RR plc Board may also determine that a forfeiture period applies, during which participants may forfeit their Matching Shares or Free Shares in certain prescribed circumstances or on the occurrence of specified events (as set out in the relevant award agreement). These could include:

- if a participant ceases relevant employment during the forfeiture period (except in certain specified 'good leaver' circumstances);
- in the case of Matching Shares, if a participant attempts to withdraw the Matching Shares or withdraws the related SharePurchase Shares from the Plan Trust during the forfeiture period; and/or
- in the case of Free Shares, if a participant attempts to withdraw the Free Shares from the Plan Trust during the forfeiture period.

The same forfeiture provisions will apply to all participants receiving Matching Shares or Free Shares (as applicable) that are awarded in the same award.

23. Dividend Shares

The RR plc Board may allow or require a participant to reinvest the whole or part of any cash dividends, paid on Shares held on that participant's behalf in the Plan Trust, in the purchase of further Dividend Shares. Dividend Shares must generally be held in the Plan Trust for three years (or such other period as permitted under the UK legislation governing SIPs), unless the participant ceases relevant employment.

Dividend Shares will not be forfeited.

24. Leavers

If a participant ceases to be in relevant employment, that participant:

- will be required to withdraw the Free Shares, SharePurchase Shares, Matching Shares and Dividend Shares that the participant owns from the Plan Trust; and
- may forfeit their Free Shares or Matching Shares, as described above.

A participant will normally be considered to have ceased relevant employment when they no longer hold employment with RR plc or any associated company, as defined in the relevant legislation governing SIPs.

25. Company events

In the event of a general offer being made to shareholders of the Company (or a similar takeover event taking place) during a holding period, participants may be able to direct the trustee of the Plan Trust as to how to act in relation to their Shares held in the Plan Trust.

26. Variation of capital

Shares acquired on a variation or reconstruction of share capital of the Company may be treated in the same way as the Shares awarded under the SharePurchase Plan (in respect of which the rights are conferred) and as if they were awarded at the same time. In the event of a rights issue, participants will be able to direct the trustee of the Plan Trust as to how to act in respect of their Shares held in the Plan Trust.

27. Rights attaching to Shares

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

Participants will not be entitled to any shareholder payment, voting or other rights in respect of Shares until the Shares are issued or transferred to them (as appropriate). The trustee of the Plan trust will not normally exercise any voting rights in respect of any unallocated Shares held in the Plan Trust (meaning those not held on any participant's behalf). The trustee will abstain from voting in relation to Shares held on a participant's behalf if the trustee has not received that participant's written direction by the specified deadline.

28. Amendments and termination

The RR plc Board (with the agreement of the trustee of the Plan Trust) may amend the trust deed and/or rules of the SharePurchase Plan in any way at any time, but RR plc will obtain prior approval of the shareholders of the Company 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 under the SharePurchase Plan; the total number or amount of Shares that may be delivered under the SharePurchase Plan; the maximum entitlement for any participant; the basis for determining a participant's entitlement to, and the terms of, Shares provided under the SharePurchase Plan; the rights of a participant in the event of a capitalisation issue, rights issue, open offer, subdivision or consolidation of shares, reduction of capital or any other variation of capital of the Company; or to the provision in the rules requiring shareholder approval for changes.

There is an exception for amendments to ensure the SharePurchase Plan complies with the requirements of the legislation governing SIPs and also for minor amendments to benefit the administration of the SharePurchase Plan, to comply with or take account of a 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.

No change may be made to the disadvantage of one or more participants in respect of subsisting rights without the written consent of the affected participant(s). Similar exceptions as apply to the shareholder approval requirement apply to the obligation to seek participant consent.

Amendments that would infringe the rule against perpetuities, or that would cause the SharePurchase Plan to cease to meet the requirements for a SIP (at a time when the plan is intended to qualify as a SIP), will not be effective.

The RR plc Board may establish further plans based on the SharePurchase 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 dilution limit in the SharePurchase Plan and that individuals will not be entitled to more Shares than the maximum entitlement under the SharePurchase Plan.

The SharePurchase Plan will terminate on the date the RR plc Board decides, although:

- no newly issued Shares or Shares transferred from treasury may be used for new offers of awards made following the 10th anniversary of shareholder approval unless further shareholder approval is obtained; and
- no Shares may be awarded under the SharePurchase Plan later than 27 September 2076 (74 years after the date of the trust deed governing the Plan Trust) and the trust will end 80 years after the date of the trust deed.

Once the SharePurchase Plan has been terminated, no further Shares can be awarded and a process must be followed to remove all the Shares from the Plan Trust.

This summary does not form part of the trust deed and rules of the SharePurchase Plan and should not be taken as affecting the interpretation of their detailed terms and conditions. The RR plc Board reserves the right to amend or add to the trust deed and rules of the SharePurchase Plan up until the time of the AGM, provided that such amendments or additions do not conflict in any material respect with this summary.

Appendix 3

Summary of the Rolls-Royce UK Sharesave Plan

29. General

The UK SAYE is a UK all-employee save-as-you-earn plan. The UK SAYE will replace the existing UK sharesave plan on very similar terms. The UK SAYE has been designed to comply with the relevant UK legislation so that UK employees and Directors of the Company and its participating subsidiaries (together, Participating Companies) may purchase ordinary shares in the capital of the Company (Shares) in a tax-efficient manner.

The operation of the UK SAYE will be overseen by the Committee.

Decisions of the Committee are final and conclusive.

Benefits under the UK SAYE are not pensionable.

The UK SAYE is governed by the laws of England and Wales, and the courts of England and Wales have exclusive jurisdiction in respect of any dispute.

30. Eligibility

Each time that the Committee decides to operate the Plan, broadly all UK resident taxpayers who:

- are Directors or employees of Participating Companies;
- satisfy any qualifying period that the Committee determines applies (not exceeding a period of five years before grant, or such other statutory limit as applies from time to time); and
- in the case of Directors, are required to work for one or more Participating Companies for more than 25 hours a week in total (excluding meal breaks),

must be invited to participate.

Other employees of Participating Companies may be invited to participate, at the discretion of the Committee.

31. Options under the UK SAYE

Awards granted under the UK SAYE will be granted as UK tax-favoured options to acquire Shares (Options) at a price per Share which is not manifestly less than 80% of the market value of a Share (which will normally be calculated as an average over up to three consecutive days) on the date of invitation or, if the Committee decides, the date of grant.

If the Option will be satisfied using newly issued Shares, the exercise price per Share must not be less than the nominal value of a Share.

It is a condition of participation in the UK SAYE that anyone wishing to participate enters into a savings contract under a "certified SAYE savings arrangement" (as defined in the legislation governing UK tax advantaged save-as-you-earn plans), agreeing to make 36 or 60 monthly savings contributions from their after-tax salary (or such other number of contributions available for these savings contracts from time to time). Shares subject to an Option may only be purchased with monies up to an amount equivalent to the proceeds due under that savings contract (which may include any interest or bonus paid under the savings contract).

32. Timing of invitations

Invitations to apply for Options may only be issued within a period of 42 days starting on any of the following:

- the day the UK SAYE is approved by shareholders;
- the business day following the announcement of the Company's results for any period;
- any day on which changes to the legislation affecting UK tax advantaged save-as-you-earn plans are announced or take effect;
- any day on which the Committee decides that exceptional circumstances justify the issue of invitations; and
- if Dealing Restrictions prevented the issuing of invitations in the periods mentioned above, the day those Dealing Restrictions are lifted.

Invitations may not be issued after termination of the UK SAYE.

33. Invitations and applications

Individuals will indicate how much they wish to save per month under their savings contract as part of their application. The minimum amount an individual may save will be £5, unless the Committee decides a different amount, as permitted by the legislation governing UK tax advantaged save-as-you-earn

plans. The maximum amount will be decided by the Committee (but must not exceed £500, or such other statutory limit as applies from time to time, when aggregated with all other contributions the individual is making under UK tax advantaged save-as-you-earn linked savings contracts).

If a participant cancels a savings contract before it ends, the level of contributions they were making under that savings contract will normally still count towards their maximum aggregate contributions limit, until the date the savings contract would have ended.

The Committee may set a maximum aggregate number of Shares available for an invitation. If the Committee receives valid applications in excess of this, applications may be scaled down.

34. Grant of Options

Options will be granted to each individual submitting a valid application, so long as they are still an employee or director of a Participating Company at the time of grant.

The Company must normally grant Options within 30 days of the first date used to set the exercise price (or within 42 days if applications are scaled down).

The number of Shares subject to an Option is the largest number which, at the specified exercise price for that invitation, may be acquired out of the expected proceeds of the related savings contract (which may include any interest or bonus due under the savings contract), subject to any scaling down.

Options may be granted over newly issued, treasury or existing Shares.

Options may not be transferred or otherwise disposed of, except on death. No payment is required for the grant of an Option.

35. Dilution limit

Options cannot be granted if they would cause the total number of Shares allocated to exceed 10% of the ordinary share capital of the Company in issue.

The total number of Shares figure looks at the total number of new issue or treasury Shares that have been used to satisfy awards in the previous 10 years (or could still be used to satisfy awards) granted under the UK SAYE or any other employee share plan operated by the Group.

For so long as required by institutional investor guidelines, treasury Shares count towards this limit. Where certain variations of capital occur, the number of Shares taken into account under this limit will be adjusted as the Committee considers appropriate to take account of that variation.

36. Exercise of Options

Options will normally only be exercisable during the six month period following the maturity (known as the 'bonus date') of the relevant savings contract, after all the monthly contributions have been made.

Options may only be exercised to the extent of the repayment made under the relevant savings contract. Options may be exercised in whole or part but normally only on one occasion. To exercise an Option, a participant must specify the number of Shares in respect of which they wish to exercise the Option and pay the aggregate exercise price for those Shares. The Committee will then arrange for the delivery of the Shares to the participant.

If a participant gives or is deemed to have given notice that they intend to permanently stop making contributions under their savings contract, their Option will lapse, unless it is then exercisable.

37. Leavers

If a participant leaves the Group, their Option will normally lapse. However, if the reason for leaving is injury or disability, redundancy, a TUPE transfer, retirement, the employing company ceasing to be an associated company (as defined in the relevant legislation governing UK tax advantaged save-as-you-earn plans) by reason of a change of control, or the business or part of the business in which they work being transferred out of the Group (where this is not a TUPE transfer), the participant may exercise the Option within six months of leaving (or six months of the relevant bonus date, if earlier). In addition, if a participant leaves after the bonus date, their Option can still be exercised within six months of the bonus date.

A participant will be considered to have left the Group when no longer holding office or employment with any Participating Company (or an associated company, as defined in the relevant legislation governing UK tax advantaged save-as-you-earn plans).

Where a participant dies, the Option may be exercised within 12 months following death (if death occurred before the bonus date), or within 12 months after the bonus date (if death occurred within six months after the bonus date).

If Options are not so exercised, they will lapse at the end of the relevant period.

38. Company events

In the event of a takeover, scheme of arrangement or voluntary winding up of the Company (in each case, as envisaged by the legislation governing UK tax advantaged 'save as you earn' plans), Options will normally become exercisable for a period of six months. In addition, Options will normally become exercisable if a person becomes bound or entitled to acquire shares in the Company under UK law.

The Committee may determine that Options will also be exercisable within 20 days before a takeover, scheme of arrangement or person becoming bound or entitled to acquire shares, conditional on that event taking place. If the relevant event does not occur within 20 days of exercise, then the exercise will not be effective.

In some circumstances, Options may instead be exchanged for substantially equivalent options over shares in an acquiring company, provided the exchange meets certain conditions as set out in the relevant legislation governing UK tax advantaged save-as-you-earn plans.

39. Variation of share capital

In the event of a variation in the share capital of the Company, the Committee may adjust the number and description of Shares comprised in each Option and the price payable per Share to the extent it considers (in its reasonable opinion) necessary, provided that the adjustment meets certain conditions set out in the legislation governing UK tax advantaged save-as-you-earn plans.

40. Rights attaching to Shares

All Shares issued in connection with the UK SAYE will rank equally with other shares of the same class then in issue. The Company will apply for the listing of any Shares issued in connection with the UK SAYE.

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

41. Amendments and termination

The Committee may change the UK SAYE 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 under the UK SAYE; the total number or amount of Shares that may be delivered under the UK SAYE; the maximum entitlement for any participant; the basis for determining a participant's entitlement to, and the terms of, Shares provided under the UK SAYE; 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 capital; or to the provision in the rules requiring shareholder approval for changes.

There is an exception for amendments to ensure the UK SAYE complies with the requirements of the legislation governing UK tax advantaged save-as-you-earn plans and also for minor amendments to benefit the administration of the UK SAYE, to comply with or take account of a 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.

No change may be made to the disadvantage of one or more participants in respect of subsisting rights without the written consent of the affected participant(s). Similar exceptions as apply to the shareholder approval requirement apply to the obligation to seek participant consent.

For so long as it is intended that the UK SAYE will continue to qualify for tax advantages under the relevant legislation, no change to any provision of the UK SAYE that is necessary to satisfy the legislative requirements will be made if it would cause the UK SAYE to cease to qualify for those tax advantages.

The Committee may establish further plans or schedules based on the UK SAYE, 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 dilution limit in the UK SAYE and that individuals will not be entitled to more Shares than the maximum entitlement under the UK SAYE.

The UK SAYE will terminate on 13 May 2031 (or on such earlier date as the Committee decides), although this will not affect any subsisting rights under the UK SAYE.

This summary does not form part of the rules of the UK SAYE and should not be taken as affecting the interpretation of their detailed terms and conditions. The Committee reserves the right to amend or add to the rules of the UK SAYE up until the time of the AGM, provided that such amendments or additions do not conflict in any material respect with this summary.

Appendix 4

Summary of the Rolls-Royce International Sharesave Plan

42. General

The International SAYE is an all-employee save-as-you-earn plan. It has been designed based on the UK SAYE and has very similar terms. However, the International SAYE will be operated for employees who do not qualify for the UK SAYE, primarily those based overseas. It does not benefit from the tax efficiencies that the UK SAYE is designed to achieve but this means it can generally operate more flexibly than the UK SAYE, given that it does not need to comply with the relevant tax legislation that governs the UK SAYE. The International SAYE will replace the existing international sharesave plan on very similar terms.

As the International SAYE is based on the UK SAYE, the points noted in the summary of the UK SAYE (set out in this Notice) are also relevant here, except the key differences are set out below. Defined terms in this summary have the meaning given in the summary of the UK SAYE, except where stated otherwise.

- **Eligibility** – normally employees who are eligible to participate in the UK SAYE will not be eligible to participate in the International SAYE. There are no minimum working hours requirements for directors to participate (although they must be employees).
- **Savings** – participants will still normally be expected to make monthly contributions from salary (after tax), although the Committee can decide the form and method for making and holding the contributions. The length of the savings arrangement will normally be the same as that offered under the UK SAYE. The Committee can allow participants to vary their contributions subject to the minimum and maximum limits. The maximum contribution will normally be limited to the maximum permitted under the UK SAYE. The Committee can decide to set a minimum and can set different limits in different currencies.
- **Awards** – options to acquire Shares may be granted (as under the UK SAYE), but awards may also be granted in the form of a share appreciation right (SAR), (together Awards). SARs are rights to receive a cash payment equal to the difference in value between the exercise price for an option, and the market value of a specified number of Shares at the time of settlement. Participants are not required to pay the exercise price for a SAR and, instead, SARs will normally be settled as soon as practicable after the participant has finished making their monthly contributions.
- **Exercise of options** – if options are granted, the exercise period will be set at grant.
- **Settlement of Awards** – the Committee may decide to partly or fully settle a SAR in Shares or an option in cash. Exceptionally, participants may be allowed to top up their savings to enable an Award to be settled to the fullest extent possible (for example, to top up a deficiency in a participant's savings created by currency fluctuations). This would not enable participants to be entitled to receive more of their Award than would be the case under the UK SAYE.
- **Leavers** – the Committee has greater flexibility to decide to treat a participant as a good leaver if they leave for any reason, but if a participant is summarily dismissed or leaves in circumstances where they could have been summarily dismissed then the Awards will immediately lapse.
- **Mobile participants** – the terms of a participant's Awards may be adjusted (or may lapse) if the participant moves from one jurisdiction to another or becomes tax resident in a different jurisdiction. At the date of this Notice, an international schedule is attached to the International SAYE in relation to potentially adverse tax rules for US taxpayers.

This summary does not form part of the rules of the International SAYE and should not be taken as affecting the interpretation of their detailed terms and conditions. The Committee reserves the right to amend or add to the rules of the International SAYE up until the time of the AGM, provided that such amendments or additions do not conflict in any material respect with this summary.

Appendix 5

AGM instructions

For the 2021 AGM, we will, for the first time, live stream the AGM by webcast and will enable questions relating to the AGM resolutions to be submitted during the Meeting. Please refer to the following information for details of how to view the webcast of the Meeting and submit questions. Please note, accessing the webcast will not count as formal attendance.

An active internet connection is required at all times in order to allow you to submit questions and view the webcast. It is the user's responsibility to maintain connectivity for the duration of the meeting.

To view the webcast you will need to visit <https://web.lumiagm.com> on your smartphone, tablet or computer. You will need the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox installed on your device. Please ensure your browser is compatible.

For those shareholders who cannot view the webcast, teleconference details will be made available on the day of the AGM via the Lumi platform. Shareholders will be able to both listen and ask questions via the teleconference line.

Duly appointed proxies and corporate representatives

Please contact the Company's Registrar before 11:00am on Tuesday, 11 May 2021 for your unique username and password. Requests can be sent by email to corporate-representatives@computershare.co.uk.

How to vote

Your vote is important to us. As our Articles do not allow us sufficient flexibility to hold our AGM in a combined physical and electronic format which is practicable in the circumstances, we are unable to offer shareholders online voting facilities during the AGM. To address this going forward, we have proposed New Articles, recommended in resolution 25. It is important that shareholders do still cast their votes in respect of the business of the AGM. We encourage all shareholders to complete and return a proxy form appointing the Chairman of the Meeting as proxy. This will ensure that your vote be counted irrespective of any attendance restrictions.

In advance of the Meeting therefore, please:

1. register your vote online by visiting www.investorcentre.co.uk/eproxy and follow the instructions; or
2. lodge your vote by completing and returning the enclosed proxy form to our Registrar (Computershare Investor Services PLC) in the reply-paid envelope enclosed with the Notice of Meeting.

Votes cast online or by post will be counted in the votes for the Meeting and must be submitted by 11:00am on Tuesday, 11 May 2021 at the latest to ensure that your vote is counted. Details of the Registrar can be found on page 9. Further information on how to appoint a proxy is outlined in the proxy form.

The results of the voting will be posted on the Company's website as soon as practicable after the Meeting.

Webcast

On accessing the webcast, you will be asked to enter a Meeting ID which is 137-551-508. You will then be prompted to enter your unique Shareholder Reference Number (SRN) and PIN. These can be found printed on your proxy form. Access to the Lumi AGM website will be available from 10:30am on Thursday, 13 May 2021.

When successfully authenticated, the information screen will be displayed. You can view Company information, ask questions and watch the webcast. To watch the webcast press the broadcast icon at the bottom of the screen. If viewing on a computer, the broadcast will appear at the side automatically once the Meeting has started.

Questions

Any shareholder or appointed proxy accessing the Meeting is eligible to ask questions. There are three ways that shareholders can ask questions, either in advance, or at the Meeting:

1. Pre-submit questions by emailing them to the Company Secretary at governanceteam@rolls-royce.com. Questions must be submitted by 11:00am on Tuesday, 11 May 2021;
2. during the Meeting via the Lumi platform from 10:30am until the close of the AGM on Thursday, 13 May 2021. To submit a question via the Lumi platform, select the messaging icon. Questions can be submitted at any time during the Q&A session up until the Chairman closes the session. Type your question within the chat box at the bottom of the messaging screen. Once you are happy with your question, click the send button. Questions sent via the Lumi AGM online platform will be moderated before being sent to the Chairman. This is to avoid repetition and to ensure an orderly meeting; or
3. via a teleconference line, details of which will be available on the Lumi platform from 10:30am until the close of the AGM on Thursday, 13 May 2021.

To enable the Board to answer as many shareholder questions as possible, we strongly encourage you to submit questions in advance of the Meeting.

Viewing the webcast and submitting questions will not constitute formal attendance at the Meeting.

A transcript of the questions asked at the AGM and the answers will be made available on the Company's website as soon as practicable following the conclusion of the Meeting.

Online streaming

Links are present on the Lumi information screen. When you click on a link, the selected document will open in your browser. Data usage for streaming the Meeting or viewing documents via the AGM platform varies depending on individual use, the specific device being used (Android, iPhone, etc.) and the network connection (3G, 4G).