



**Rolls-Royce Holdings plc**  
Kings Place  
90 York Way  
London  
N1 9FX

**Strictly Private & Confidential**

Anita Frew  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London  
N1 9FX

08 June 2021

Dear Anita,

**Appointment as a Non-Executive Director and Non-Executive Chair of Rolls-Royce Holdings plc (the Company)**

On behalf of the Company, I write to confirm that the board of directors of the Company (the Board) has resolved to appoint you as a Non-Executive Director of the Company with effect from 1 July 2021 and as Non-Executive Chair of the Company (the Appointment) with effect from 1 October 2021, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting the Appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

**Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 1 July 2021 but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting (AGM), at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent AGM of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your appointment and you are re-appointed by shareholders as a director.
3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at



any AGM of the Company or upon your resignation for any reason, you will not be entitled to any compensation or damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

#### **Independence**

4. In accordance with the UK Corporate Governance Code, you must (on appointment) meet the standards of independence, assessed against the circumstances set out in the UK Corporate Governance Code.

#### **Time commitment**

5. You will devote such time to the affairs of the Company as is required by your duties as a Non-Executive Director and Non-Executive Chair. We envisage that, as a minimum, this would take the equivalent of between two and three days per week, recognizing, however, that particular events may require you to devote to the Company on occasion more time than this. You should expect to make yourself available for all regular, additional and emergency Board and Board committee meetings, the AGM, any extraordinary general meetings of the Company, annual Board strategy sessions and overseas visits.
6. By accepting the Appointment, you confirm that you will be in a position to (and will) allocate sufficient time to meet the expectations of your role. You confirm that you will inform the Board of any subsequent changes to your circumstances which may affect the time you can commit to your duties under this agreement.

#### **Role and duties**

7. As Non-Executive Chair you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the long-term success of the Company by directing and supervising the Company's affairs and is accountable to shareholders for all the actions of the Company. The Board:
  - provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance;
  - sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met;
  - promotes the long-term sustainable success of the Company generating value for shareholders and contributing to wider society;
  - establishes the Company's purpose, values and strategy and satisfies itself that these and its culture are aligned;



- acts with integrity, leads by example and promotes the desired culture within the Company;
- ensures that the necessary resources are in place for the Company to meet its objectives and measures performance against them;
- establishes a framework of prudent and effective controls, which enable risk to be assessed and managed;
- ensures effective engagement with, and encourages participation from, shareholders and stakeholders; and
- ensures that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success, enabling the workforce to raise any matters of concern.

You should familiarise yourself with your duties as a director under the Companies Act 2006. You should have particular regard to the general duties of directors in Part 10 of the Companies Act 2006, including the duty to promote the success of the Company under which all directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the members of the Company.

8. In addition to these requirements of all directors, your role as a Non-Executive Director may be expected to include the following key elements:

- Strategy - to constructively challenge, provide strategic guidance, offer specialist advice and help develop proposals on strategy alongside the executive directors;
- Company performance - to scrutinise and hold to account the performance of management and individual executive directors in meeting agreed goals and objectives and monitor the reporting of performance;



- Control of risk - to satisfy yourself that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
- Executive remuneration and succession - to determine appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning;
- Stakeholder engagement - to take opportunities, such as attendance at general and other meetings, to understand shareholder concerns and to meet with key customers and members of the workforce from all levels of the organisation to have an understanding of the business and its relationships with significant stakeholders, and to take into account the views of shareholders, the workforce, customers and other stakeholders where appropriate;
- Visibility - to consider ways of reaching out to increase your visibility with the workforce and gain insights into the culture and concerns at different levels of the business;
- Knowledge and skills - to devote time to developing and refreshing your knowledge and skills to ensure that you continue to make a positive contribution to the Board and generate the respect of the other directors;
- Culture and integrity - to uphold the highest standards of integrity and instil the appropriate culture, values and behaviours in the boardroom and beyond;
- Provision of information - to insist on receiving high-quality information sufficiently in advance of Board meetings to enable thorough consideration of the issues prior to, and informed debate and challenge at, Board meetings, and seek clarification or amplification if you consider the information provided is inadequate or lacks clarity; and
- Time - to make sufficient time available to discharge your responsibilities effectively.

9. In particular you will:

- attend meetings of the Board;
- attend the AGM of the Company and any other general meeting of shareholders;
- attend committees of the Board, as appropriate;
- carry out such duties as may be reasonably requested by the Board; and
- at all times act in the best interests of the Company and not do anything which is harmful to the Company.



- Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.
10. During the term of the Appointment you will perform the duties expected of a Non-Executive Chair of a UK-listed public limited company. In your role as Non-Executive Chair, you play a pivotal role in creating the conditions for overall Board and individual director effectiveness, setting clear expectations concerning the style and tone of Board discussions, and ensuring that the Board has effective decision-making processes and applies sufficient challenge to major proposals. It is up to you to make certain that all directors are aware of their responsibilities and to hold meetings with the non-executive directors without the executives present in order to facilitate a full and frank airing of views.
11. As Non-Executive Chair, you are responsible for:
- representing the Company to its key stakeholders, leading the Board and ensuring the Board's overall effectiveness in directing the Company;
  - chairing the Board and general meetings of the Company;
  - setting a Board agenda primarily focused on strategy, performance, value creation, culture, stakeholders and accountability, and ensuring that issues relevant to these areas are reserved for Board decision;
  - shaping a culture of openness and debate in the boardroom;
  - encouraging all Board members to engage in Board and committee meetings by drawing on their skills, experience and knowledge;
  - fostering constructive relationships based on trust, mutual respect and open communication – both in and outside the boardroom – between non-executive directors and the executive team;
  - developing a productive working relationship with the CEO, providing support and advice, while respecting executive responsibility;
  - providing guidance and mentoring to new directors as appropriate;
  - leading the annual Board evaluation, with support from the Senior Independent Director as appropriate, and acting on the results by recognising the strengths and addressing any weaknesses of the Board;
  - considering having regular externally facilitated Board evaluations; and
  - seeking regular engagement with major shareholders in order to understand their views on governance and performance against the strategy and conveying these to the Board as a whole.



12. As Non-Executive Chair, you should ensure that:
- adequate time is available for discussion of all agenda items, in particular strategic issues, and that debate is not truncated;
  - there is a timely flow of accurate, high-quality and clear information;
  - the Board determines the nature, and extent, of the significant risks the Company is willing to embrace in the implementation of its strategy;
  - all directors are aware of and able to discharge their statutory duties;
  - the Board listens to and has a clear understanding of the views of shareholders, the workforce, customers and other key stakeholders;
  - all directors receive a full, formal and tailored induction on joining the Board;
  - all directors continually update their skills, knowledge and familiarity with the Company to fulfil their role both on the Board and committees;
  - sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken, and for discussion of any disagreements between the relevant Committee and the Board with a view to resolving the disagreement; and
  - Board committees are properly structured with appropriate terms of reference (which are published on the Company website), that committee membership is periodically refreshed, and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.
13. You will be expected to perform your duties faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience. You will exercise your powers in your role as a Non-Executive Director and Non-Executive Chair in accordance with the Company's articles of association, policies and procedures and internal control framework, and having regard to relevant obligations under prevailing law and regulation, including the Companies Act 2006, the UK Corporate Governance Code and associated FRC Guidance on Board Effectiveness, and the UKLA's Listing, Prospectus, and Disclosure and Transparency Rules.
14. Unless specifically authorised to do so by the Board, you will not enter into any legal or other commitment or contract on behalf of the Company.
15. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.



## **Fees**

16. Your fees and other expenses as a Non-Executive Director and Non-Executive Chair will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.
17. You will be paid a fee for your services as a Non-Executive Director of £70,000 per annum which shall increase to £490,000 per annum from the date you are appointed as Non-Executive Chair (1 October 2021), such fee to be inclusive of any fees for membership of or attendance at meetings of any Board committees and acting as Chair of the Nominations & Governance Committee. Your fees will be payable in arrear in equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.
18. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Chief Governance Officer containing further details of the mechanism involved.
19. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.
20. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.

## **Expenses**

21. In addition to the fees described in paragraph 16 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is available on the Diligent Resource Centre).
22. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Chief Governance Officer's office.



### External independent advice

23. In order to enable you to carry out the duties of your office, you (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) are entitled to seek external independent professional advice at the Company's expense, for example where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Chief Governance Officer's office to facilitate obtaining this advice.

### Indemnity

24. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both copies and return one copy to the Chief Governance Officer's office, retaining the other copy for your records.

### Insurance

25. The Company will use its best endeavours to maintain appropriate directors' and officers' (**D&O**) liability insurance (including ensuring that premiums are properly paid) for your benefit:

*during the Appointment; and*

*after the Appointment,*

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company, subject to the terms of the policy from time to time in force.

26. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.
27. Details of the current D&O policy are available on the Diligent Resource Centre and you will be informed of any changes to that policy.

### Other directorships and business interests

28. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and



- a duty to avoid a situation in which you have a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Senior Independent Director and the Chief Governance Officer as soon as they become apparent.

29. During the Appointment you will consult with the Board prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. In accordance with the UK Corporate Governance Code, the agreement of the Board needs to be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a Non-Executive Director and Non-Executive Chair of the Company.

### **Share dealing policy**

30. During the Appointment you are required to comply with any relevant laws and regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the UK Market Abuse Regulation, or any other legal or regulatory authority, and such other requirements as the Board may from time to time specify.

### **Confidentiality**

31. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a Non-Executive Director and Non-Executive Chair. Nothing in this paragraph 31 shall prevent you from disclosing information which is properly required to be disclosed to any legal or regulatory authority, or which you are entitled to disclose under the Public Interest Disclosure Act 1998 provided that the disclosure is made in accordance with the provisions of that Act.
32. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently, you should not make any statements that might risk a breach of these requirements without prior clearance from the Senior Independent Director or the Chief Governance Officer.
33. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:
  - deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in



your possession, custody or power by virtue of your position as a Non-Executive Director and Non-Executive Chair of the Company. The Company is able to arrange the disposal of papers which you no longer require; and

- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

34. The termination of the Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

### **Induction and training**

35. Immediately after the date of the Appointment, the Company will provide a comprehensive, formal and tailored induction to help you build up an understanding of the Company, its business and the market in which it operates. This will include information summarising some of your key responsibilities as a director and Non-Executive Chair of a company listed on the London Stock Exchange. The Company will arrange for site visits and meetings with executive directors, senior management, non-managerial members of the workforce and the Company's auditors. You will also have the chance to meet major investors in the first twelve months of the Appointment.

36. On an ongoing basis, and further to the annual evaluation process described below, the Company will arrange for you to develop and update your skills, knowledge and familiarity with the Company in areas which are mutually identified as being likely to be required, or of benefit to you, in carrying out your duties effectively. You should try to make yourself available for any relevant training sessions which may be organised for you or the Board.

### **Review process**

37. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as Non-Executive Chair which cause you concern you should discuss them with the Senior Independent Director or the Chief Governance Officer as soon as is appropriate. Your performance as Non-Executive Chair will be reviewed annually by the non-executive directors led by the Senior Independent Director.

### **Publication of the letter of appointment**

38. In accordance with the UK Corporate Governance Code, the Company will make public this letter on its website and will also arrange for it to be on display at the Company's AGM.



### **Membership of Committees**

39. This letter refers to your appointment as a Non-Executive Director and Non-Executive Chair of the Company. You will also be required to serve as chair of the Nominations & Governance Committee.

### **General**

40. For the purposes of this letter **Group Company** shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.
41. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Conduct Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.
42. By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 2018). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.
43. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.

Please confirm your agreement to the above by signing and returning to the Chief Governance Officer the enclosed duplicate of this letter.

Yours sincerely,

**Pamela Coles**  
**Chief Governance Officer**

Encs.



I have read and agree to the above terms regarding my appointment as a Non-Executive Director and Non-Executive Chair of Rolls-Royce Holdings plc.

Duly signed and delivered as a Deed on the date inserted below.

Signed as a deed by Anita Frew .....

in the presence of: )

Date: )

) .....

Witness's signature: .....

Name (print): .....

Occupation: .....

Address: .....



**Rolls-Royce Holdings plc**

Kings Place  
90 York Way  
London  
N1 9FX

T +44 (0) 207 227 9143

Mr Paul Adams  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London, N1 9FX

11 March 2021

**Appointment as a Non-Executive Director of Rolls-Royce Holdings plc (the Company)**

Dear Paul,

On behalf of the Company, I write to confirm that the board of directors of the Company (the Board) has resolved to appoint you as a non-executive director of the Company and as a member of the Company's Nominations & Governance Committee, the Safety, Ethics & Sustainability Committee and the Science & Technology Committee (the Appointment) with effect from 11 March 2021, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

**Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 11 March 2021 but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting (AGM), at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with provision 18 of the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent Annual General Meeting of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.
3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.



### **Independence**

4. The Board has determined you to be independent in accordance with provision 11 of the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chairman as soon as practicable.

### **Time commitment**

5. It is difficult to be precise about the time commitment required to fulfil the role of a non-executive director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.
6. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

### **Role and duties**

7. As a non-executive director, you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and is accountable to shareholders for all the actions of the Company. The Board:
  - provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
  - sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.
8. In addition to these requirements of all directors, the role of a non-executive director may be expected to include the following key elements:
  - Strategy - Non-executive directors should constructively challenge and help develop proposals on strategy alongside the executive directors;
  - Company performance - Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;
  - Control of risk - Non-executive directors should satisfy themselves that financial information is accurate, and that financial controls and systems of risk management are robust and defensible; and



- Executive remuneration and succession - Non-executive directors are responsible for determining appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning.
9. During the term of your Appointment you will perform the duties expected of a non-executive director of a UK-listed public limited company, and in particular you will:
- attend meetings of the Board;
  - attend the Annual General Meeting of the Company and any other general meeting of shareholders;
  - attend committees of the Board, as appropriate;
  - carry out such duties as may be reasonably requested by the Board; and
  - at all times act in the best interests of the Company and every Group Company (as defined below) and not do anything which is harmful to any such company. Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.
10. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

#### **Fees**

11. Your fees and other expenses as a non-executive director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.
12. You will be paid a fee for your services as a non-executive director of £70,000 per annum inclusive of any fees for membership of Board committees. If you are invited to assume the Chair of any of the Board's Committees, such role would be subject to an additional fee which would be discussed with you at that time. Your fees will be payable in arrears of equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.
13. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Chief Governance Officer containing further details of the mechanism involved.
14. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.



15. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.

#### **Expenses**

16. In addition to the fees described in paragraph 12 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is available on the Diligent Resource Centre).
17. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Chief Governance Officer's office.

#### **External Independent Advice**

18. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) be entitled to seek external independent professional advice at the Company's expense where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Chief Governance Officer's office to facilitate obtaining this advice.

#### **Indemnity**

19. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both copies and return one copy to me, retaining the other copy for your records.

#### **Insurance**

20. The Company will use its best endeavours to maintain appropriate directors' and officers' (D&O) liability insurance (including ensuring that premiums are properly paid) for your benefit:
  - (i) during the Appointment; and
  - (ii) after the Appointment,in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.
21. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.
22. Details of the current D&O policy are available on the Diligent Resource Centre and you will be informed of any changes to that policy.



### **Other directorships and business interests**

23. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows: -

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Chief Governance Officer as soon as they become apparent.

24. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. In accordance with provision 15 of the UK Corporate Governance Code, the agreement of the Board needs to be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive director of the Company.

### **Share dealing policy**

25. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the UK Market Abuse Regulation and such other requirements as the Board may from time to time specify.

### **Confidentiality**

26. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a non-executive director.

27. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently, you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Chief Governance Officer.



28. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:

- deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a non-executive director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and
- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

29. The termination of your Proposed Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

#### **Induction**

30. Immediately after the date of the Appointment, the Company will provide a comprehensive, formal and tailored induction to help you build up an understanding of the Company, its business and the market in which it operates. This will include information summarising some of your key responsibilities as a director of a company listed on the London Stock Exchange. The Company will arrange for site visits and meetings with executive directors and senior management and the Company's auditors. You will also have the chance, if requested, to meet major investors in the first twelve months of your Appointment.

#### **Review process**

31. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a non-executive director which cause you concern you should discuss them with the Chairman or Chief Governance Officer as soon as is appropriate.

#### **Publication of the letter of appointment**

32. In accordance with provision B.3.2 of the UK Corporate Governance Code the Company will make public this letter on its website and will also arrange for it to be on display at the Company's Annual General Meeting.

#### **General**

33. For the purposes of this letter Group Company shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies) and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.

34. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these



requirements and any similar requirements arising out of the Company's overseas operations.

35. By signing this letter, you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.
36. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.
37. Please confirm your agreement to the above by signing and returning to the Chief Governance Officer the enclosed duplicate of this letter.

Yours sincerely,

Ian Davis  
Chairman

Encs

I have read and agree to the above terms regarding my appointment as a non-executive director of Rolls-Royce Holdings plc.

.....  
Paul Adams

.....  
Date



**Rolls-Royce Holdings plc**  
Kings Place  
90 York Way  
London  
N1 9FX

T +44 (0) 207 227 9143

Mr George Culmer  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London, N1 9FX

06 November 2019

### **Appointment as a Non-Executive Director of Rolls-Royce Holdings plc (the Company)**

Dear George

On behalf of the Company, I write to confirm that the board of directors of the Company (the Board) has resolved to appoint you as a non-executive director of the Company and as a member of the Company's Nominations and Governance Committee, the Audit Committee and its Data Security Sub-Committee and the Safety, Ethics and Sustainability Committee (the Appointment) with effect from 2 January 2020, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

#### **Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 2 January 2020 but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting, at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with provision 18 of the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent Annual General Meeting of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.
3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be



entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

### **Independence**

4. The Board has determined you to be independent in accordance with provision 11 of the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chairman as soon as practicable.

### **Time commitment**

5. It is difficult to be precise about the time commitment required to fulfil the role of a non-executive director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.

6. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

### **Role and duties**

7. As a non-executive director, you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and is accountable to shareholders for all the actions of the Company. The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

8. In addition to these requirements of all directors, the role of a non-executive director may be expected to include the following key elements:

- Strategy - Non-executive directors should constructively challenge and help develop proposals on strategy alongside the executive directors;
- Company performance - Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;



- Control of risk - Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
  - Executive remuneration and succession - Non-executive directors are responsible for determining appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning.
9. During the term of your Appointment you will perform the duties expected of a non-executive director of a UK-listed public limited company, and in particular you will:
- attend meetings of the Board;
  - attend the Annual General Meeting of the Company and any other general meeting of shareholders;
  - attend committees of the Board, as appropriate;
  - carry out such duties as may be reasonably requested by the Board; and
  - at all times act in the best interests of the Company and every Group Company (as defined below) and not do anything which is harmful to any such company. Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.
10. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

#### **Fees**

11. Your fees and other expenses as a non-executive director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.
12. You will be paid a fee for your services as a non-executive director of £70,000 per annum inclusive of any fees for membership of Board committees. If you are invited to assume the Chair of any of the Board's Committees, such role would be subject to an additional fee which would be discussed with you at that time. Your fees will be payable in arrears of equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.
13. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Company Secretary containing further details of the mechanism involved.



14. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.

15. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.

#### **Expenses**

16. In addition to the fees described in paragraph 12 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is made available on request).

17. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Chief Governance Officer.

#### **External Independent Advice**

18. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) be entitled to seek external independent professional advice at the Company's expense where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Chief Governance Officer's office to facilitate obtaining this advice.

#### **Indemnity**

19. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both copies and return one copy to me, retaining the other copy for your records.

#### **Insurance**

20. The Company will use its best endeavours to maintain appropriate directors' and officers' (D&O) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.



21. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

22. Details of the current D&O policy will be sent to you separately and you will be informed of any changes to that policy.

Other directorships and business interests

23. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.

24. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. In accordance with provision 15 of the UK Corporate Governance Code, the agreement of the Board needs to be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive director of the Company.

#### **Share dealing policy**

25. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the EU Market Abuse Regulation 2016 and such other requirements as the Board may from time to time specify.

#### **Confidentiality**

26. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a non-executive director.

27. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the



UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

28. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:

- deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a non-executive director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and
- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

29. The termination of your Proposed Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

#### **Induction**

30. Immediately after the date of the Appointment, the Company will provide a comprehensive, formal and tailored induction to help you build up an understanding of the Company, its business and the market in which it operates. This will include information summarising some of your key responsibilities as a director of a company listed on the London Stock Exchange. The Company will arrange for site visits and meetings with executive directors and senior management and the Company's auditors. You will also have the chance, if requested, to meet major investors in the first twelve months of your Appointment.

#### **Review process**

31. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a non-executive director which cause you concern you should discuss them with the Chairman or Company Secretary as soon as is appropriate.

#### **Publication of the letter of appointment**

32. In accordance with provision B.3.2 of the UK Corporate Governance Code the Company will make public this letter on its website and will also arrange for it to be on display at the Company's Annual General Meeting.

#### **Rolls-Royce plc**

33. For administrative purposes, you are also appointed to serve as a non-executive director of the Company's subsidiary, Rolls-Royce plc. The time commitment required to



fulfil this additional role will be minimal and you will receive no further remuneration. For the avoidance of doubt, your appointment as a non-executive director of Rolls-Royce plc shall be coterminous with your appointment as a non-executive director of the Company.

#### **General**

34. For the purposes of this letter Group Company shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.

35. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.

36. By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.

37. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.

38. Please confirm your agreement to the above by signing and returning to the Chief Governance Officer the enclosed duplicate of this letter.

Yours sincerely,

Ian Davis  
Chairman

Encs

I have read and agree to the above terms regarding my appointment as a non-executive director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....  
George Culmer

.....  
Date



**Rolls-Royce Holdings plc**

Kings Place  
90 York Way  
London  
N1 9FX

**Strictly Private & Confidential**

27 July 2021

Irene Dorner  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London N1 9FX

Dear Irene,

**Extension to your appointment as a Non-executive Director of  
Rolls-Royce Holdings plc (the *Company*)**

On behalf of the Company, I confirm that the Board has approved an extension to your appointment as a Non-Executive Director of the Company (the *Appointment*).

The extension is with effect from 27 July 2021 and it is anticipated that your appointment will continue for a period of three years from that date, subject to your re-election at any Annual General Meeting of the Company.

The terms of the Appointment will otherwise be on the same terms as set out in your appointment letter dated 12 February 2015.

Please sign and date a copy of this letter where indicated below to acknowledge your acceptance of the extension of your appointment, and then please return a scanned copy to me.

Yours sincerely,

**Pamela Coles**  
**Company Secretary**

-----  
I agree to the continuing terms of my appointment as a Non-Executive Director of  
Rolls-Royce Holdings plc and of Rolls-Royce plc.

-----  
Irene Dorner

-----  
Date



Date: 1<sup>st</sup> August 2018

**Strictly Private & Confidential**

Irene Dorner  
c/o Rolls-Royce Holdings plc  
62 Buckingham Gate  
London  
SW1E 6AT

Dear Irene,

**Extension to your appointment as a Non-Executive Director of Rolls-Royce Holdings plc  
(the Company)**

On behalf of the Company, I write to confirm that the board of directors of the Company (the **Board**) has resolved to extend your appointment as a Non-Executive Director of the Company (the **Appointment**) with effect from 27 July 2018, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

**Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 27 July 2018, but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting, at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with provision B.7.1. of the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent Annual General Meeting of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.
3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

[rolls-royce.com](http://rolls-royce.com)



## Independence

4. The Board has determined you to be independent in accordance with provision B.1.1 of the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chairman as soon as practicable.

## Time commitment

5. It is difficult to be precise about the time commitment required to fulfil the role of a Non-Executive Director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.
6. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

## Role and duties

7. As a Non-Executive Director you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs, and is accountable to shareholders for all the actions of the Company. The Board:
  - provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
  - sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.
8. In addition to these requirements of all directors, the role of a Non-Executive Director may be expected to include the following key elements:
  - Strategy - Non-Executive Directors should constructively challenge and help develop proposals on strategy alongside the executive directors;
  - Company performance - Non-Executive Directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;
  - Control of risk - Non-Executive Directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and

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- Executive remuneration and succession - Non-Executive Directors are responsible for determining appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning.

9. During the term of your Appointment you will perform the duties expected of a Non-Executive Director of a UK-listed public limited company, and in particular you will:

- attend meetings of the Board;
- attend the Annual General Meeting of the Company and any other general meeting of shareholders;
- attend committees of the Board, as appropriate;
- carry out such duties as may be reasonably requested by the Board; and
- at all times act in the best interests of the Company and every Group Company (as defined below) and not do anything which is harmful to any such company.

Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.

10. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

## **Fees**

11. Your fees and other expenses as a Non-Executive Director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.

12. You will be paid a fee for your services as a Non-Executive director of:

- i. £70,000 per annum inclusive of any fees for membership of Board committees. If you are invited to assume the Chair of any of the Board's Committees, such role would be subject to an additional fee which would be discussed with you at that time; and
- ii. £15,000 per annum for your role as Employee Champion.

Your fees will be payable in arrears of equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.

13. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will have received a separate letter from the Company Secretary containing further details of the mechanism involved.

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14. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.
15. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.
16. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company.

### **Expenses**

17. In addition to the fees described in paragraph 12 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is made available on request).
18. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Company Secretary.

### **External Independent Advice**

19. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) be entitled to seek external independent professional advice at the Company's expense where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Company Secretary's office to facilitate obtaining this advice.

### **Indemnity**

20. Upon your appointment, the Company entered into a Deed of Indemnity in your favour.

### **Insurance**

21. The Company will use its best endeavours to maintain appropriate directors' and officers' (**D&O**) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.

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22. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

23. Details of the current D&O policy will be sent to you separately and you will be informed of any changes to that policy.

### **Other directorships and business interests**

24. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties, which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.

25. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. The agreement of the Chairman should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a Non-Executive Director of the Company.

### **Share dealing policy**

26. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the EU Market Abuse Regulation 2016 and such other requirements as the Board may from time to time specify.

### **Confidentiality**

27. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a Non-Executive Director.

28. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993

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on insider dealing. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

29. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:

- deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a Non-Executive Director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and
- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

30. The termination of your Proposed Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

### **Review process**

31. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a Non-Executive Director which cause you concern you should discuss them with the Chairman or Company Secretary as soon as is appropriate.

### **Publication of the letter of appointment**

32. In accordance with provision B.3.2 of the UK Corporate Governance Code the Company will make public this letter on its website and will also arrange for it to be on display at the Company's Annual General Meeting.

### **Rolls-Royce plc**

33. For administrative purposes, you are also appointed to serve as a Non-Executive Director of the Company's subsidiary, Rolls-Royce plc. The time commitment required to fulfil this additional role will be minimal and you will receive no further remuneration. For the avoidance of doubt, your appointment as a Non-Executive Director of Rolls-Royce plc shall be coterminous with your appointment as a Non-Executive Director of the Company.

### **General**

34. For the purposes of this letter **Group Company** shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.

[rolls-royce.com](http://rolls-royce.com)

**Rolls-Royce plc**

62 Buckingham Gate, London SW1E 6AT  
Telephone: +44 (0) 207 2229020



35. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.
36. By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.
37. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.

Please confirm your agreement to the above by signing and returning to the Company Secretary's office the enclosed duplicate of this letter.

Yours sincerely,

**Pamela Coles**  
**Company Secretary**

---

I agree to the continuing terms of my appointment as a Non-Executive Director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....  
Irene Dorner

.....  
Date

[rolls-royce.com](http://rolls-royce.com)



**Rolls-Royce Holdings plc**  
Kings Place  
90 York Way  
London  
N1 9FX

**Strictly Private & Confidential**

17 June 2020

Beverly Goulet  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London N1 9FX

Dear Beverly

**Extension to your appointment as a Non-executive Director of  
Rolls-Royce Holdings plc (the Company)**

On behalf of the Company, I confirm that the Board has approved an extension to your appointment as a Non-executive Director of the Company (the *Appointment*).

The extension will take effect from 3 July 2020 and it is anticipated that your appointment will continue for a period of three years from that date, subject to your re-election at any Annual General Meeting of the Company.

The terms of the Appointment will otherwise be on the same terms as set out in your appointment letter dated 15 June 2017.

Please sign and date a copy of this letter where indicated below to acknowledge your acceptance of the extension of your appointment, and then please return a scanned copy to me.

Yours sincerely,

**Pamela Coles**  
**Company Secretary**

-----  
I agree to the continuing terms of my appointment as a Non-executive Director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

-----  
Beverly Goulet

-----  
Date

**Rolls-Royce Holdings plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 07524813



# Rolls-Royce

Rolls-Royce Holdings plc

62 Buckingham Gate, London SW1E 6AT

Telephone: +44 (0) 20 7222 9020

Fax: +44 (0) 20 7227 9170

## Strictly Private & Confidential

Beverly Goulet  
c/o Rolls-Royce Holdings plc  
62 Buckingham Gate  
London  
SW1E 6AT

15 June 2017

Dear Beverly,

### **Appointment as a Non-Executive Director of Rolls-Royce Holdings plc (the *Company*)**

On behalf of the Company, I write to confirm that the board of directors of the Company (the **Board**) has resolved to appoint you as a non-executive director of the Company, and as a member of the Company's Nominations and Governance Committee, and its Audit Committee (the **Appointment**) with effect from 3 July 2017, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

### **Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 3 July 2017, but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting, at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with provision B.7.1. of the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent Annual General Meeting of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.



# Rolls-Royce

3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

## **Independence**

4. The Board has determined you to be independent in accordance with provision B.1.1 of the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chairman as soon as practicable.

## **Time commitment**

5. It is difficult to be precise about the time commitment required to fulfil the role of a non-executive director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.

6. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

## **Role and duties**

7. As a non-executive director you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs, and is accountable to shareholders for all the actions of the Company. The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.



# Rolls-Royce

8. In addition to these requirements of all directors, the role of a non-executive director may be expected to include the following key elements:

- Strategy - Non-executive directors should constructively challenge and help develop proposals on strategy alongside the executive directors;
- Company performance - Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;
- Control of risk - Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- Executive remuneration and succession - Non-executive directors are responsible for determining appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning.

9. During the term of your Appointment you will perform the duties expected of a non-executive director of a UK-listed public limited company, and in particular you will:

- attend meetings of the Board;
- attend the Annual General Meeting of the Company and any other general meeting of shareholders;
- attend committees of the Board, as appropriate;
- carry out such duties as may be reasonably requested by the Board; and
- at all times act in the best interests of the Company and every Group Company (as defined below) and not do anything which is harmful to any such company.

Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.

10. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

## **Fees**

11. Your fees and other expenses as a non-executive director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.



# Rolls-Royce

12. You will be paid a fee for your services as a non-executive director of £70,000 per annum inclusive of any fees for membership of Board committees. If you are invited to assume the Chair of any of the Board's Committees, such role would be subject to an additional fee which would be discussed with you at that time. Your fees will be payable in arrears of equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.

13. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Company Secretary containing further details of the mechanism involved.

14. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.

15. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.

## **Expenses**

16. In addition to the fees described in paragraph 12 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is made available on request).

17. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Company Secretary.

## **External Independent Advice**

18. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) be entitled to seek external independent professional advice at the Company's expense where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Company Secretary's office to facilitate obtaining this advice.

## **Indemnity**

19. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both copies and return one copy to me, retaining the other copy for your records.



# Rolls-Royce

## Insurance

20. The Company will use its best endeavours to maintain appropriate directors' and officers' (**D&O**) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.

21. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

22. Details of the current D&O policy will be sent to you separately and you will be informed of any changes to that policy.

## Other directorships and business interests

23. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties, which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.

24. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. The agreement of the Chairman should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive director of the Company.



# Rolls-Royce

## Share dealing policy

25. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the EU Market Abuse Regulation 2016 and such other requirements as the Board may from time to time specify.

## Confidentiality

26. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a non-executive director.

27. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

28. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:

- deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a non-executive director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and
- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

29. The termination of your Proposed Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

## Induction

30. Immediately after the date of the Appointment, the Company will provide a comprehensive, formal and tailored induction to help you build up an understanding of the Company, its business and the market in which it operates. This will include information summarising some of your key responsibilities as a director of a company listed on the London Stock Exchange. The Company will arrange for site visits and meetings with executive directors and senior management and the Company's auditors. You will also have the chance, if requested, to meet major investors in the first twelve months of your Appointment.



# Rolls-Royce

## Review process

31. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a non-executive director which cause you concern you should discuss them with the Chairman or Company Secretary as soon as is appropriate.

## Publication of the letter of appointment

32. In accordance with provision B.3.2 of the UK Corporate Governance Code the Company will make public this letter on its website and will also arrange for it to be on display at the Company's Annual General Meeting.

## Rolls-Royce plc

33. For administrative purposes, you are also appointed to serve as a non-executive director of the Company's subsidiary, Rolls-Royce plc. The time commitment required to fulfil this additional role will be minimal and you will receive no further remuneration. For the avoidance of doubt, your appointment as a non-executive director of Rolls-Royce plc shall be coterminous with your appointment as a non-executive director of the Company.

## General

34. For the purposes of this letter **Group Company** shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.

35. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.

36. By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.

37. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.



**Rolls-Royce**

38. Please confirm your agreement to the above by signing and returning to the Company Secretary's office the enclosed duplicate of this letter.

Yours sincerely,

**Ian Davis**  
**Chairman**  
**For and on behalf of Rolls-Royce Holdings plc**

Encs

I have read and agree to the above terms regarding my appointment as a non-executive director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....

Beverly Goulet

.....

Date



**Rolls-Royce Holdings plc**  
Kings Place  
90 York Way  
London  
N1 9FX

**Strictly Private & Confidential**

16 December 2019

Lee Hsien Yang  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London N1 9FX

Dear Hsien Yang

**Extension to your appointment as a Non-executive Director of  
Rolls-Royce Holdings plc (the Company)**

On behalf of the Company, I confirm that the Board has approved an extension to your appointment as a Non-executive Director of the Company (the *Appointment*).

The extension will take effect from 1 January 2020 and it is anticipated that your appointment will continue for a period of three years from that date, subject to your re-election at any Annual General Meeting of the Company.

The terms of the Appointment will otherwise be on the same terms as set out in your appointment letter dated 19 December 2013 and in the subsequent letter in May 2014 notifying you of an increase in Non-Executive Directors' fees.

Please sign and date a copy of this letter where indicated below to acknowledge your acceptance of the extension of your appointment, and then please return a scanned copy to me.

Yours sincerely,

**Pamela Coles**  
**Company Secretary**

-----  
I agree to the continuing terms of my appointment as a Non-executive Director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....  
Lee Hsien Yang

.....  
Date

**Rolls-Royce Holdings plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 07524813



# Rolls-Royce

Rolls-Royce Holdings plc

65 Buckingham Gate, London SW1E 6AT

Telephone: +44 (0) 20 7222 9020

Fax: +44 (0) 20 7227 9170

## Strictly Private & Confidential

Mr Lee Hsien Yang  
c/o Rolls-Royce Holdings plc  
65 Buckingham Gate  
London  
SW1E 6AT

19 December 2013

Dear Mr Lee,

### Appointment as a Non-Executive Director of Rolls-Royce Holdings plc (the *Company*)

On behalf of the Company, I write to confirm your appointment as a Non-Executive Director of the Company (the **Appointment**) with effect from 1 January 2014. The terms of the Appointment, which shall in any event be subject to the Articles of Association of the Company, are set out below.

Subject to the detailed terms of this letter, it is anticipated that the Appointment will be for an initial period of three years from 1 January 2014, but may continue thereafter if mutually agreed.

### Appointment

1. Under the Company's Articles of Association, and in compliance with provision B.7.1 of the UK Corporate Governance Code, all directors are subject to annual re-election by shareholders at the Company's Annual General Meeting.
2. Notwithstanding the other provisions of this Letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-elected at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

### Independence

3. The Board of the Company has determined you to be independent in accordance with provision B.1.1 of the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change and you believe it may not be possible for you to retain your independence you should discuss this with the Chairman as soon as practicable.



## Time commitment

4. It is difficult to be precise about the time commitment required to fulfil the role of a Non-Executive Director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.

5. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

## Role

6. As a Non-Executive Director you have the same general legal responsibilities to the Company as any other Director.

7. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

8. A more detailed explanation of the Board's objectives will be made available to you as part of your induction material.

9. In addition to these requirements of all Directors, the role of a Non-Executive Director may be expected to include strategy, Company performance, control of risk, executive remuneration and leading the process for senior appointments, including succession planning.

## Fees

10. You will be paid a fee for your services as a Non-Executive Director of £60,000 per annum inclusive of any fees for membership of Board committees. Your fees will be payable in arrears of equal monthly instalments. The Company may by agreement with you pay your fees to you in Singapore dollars.

11. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Company Secretary containing further details of the mechanism involved.



# Rolls-Royce

12. You will have no entitlement to any bonus during the Appointment and no entitlement to participate in any employee share scheme operated by the Company or any Group Company.

## Expenses

13. In addition to the fees described in paragraph 10 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Company's expenses policy as amended from time to time (a copy of which is made available on request).

14. You should submit any details of expenses together with appropriate receipts so incurred to the Company Secretary.

## External Advice

15. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other Non-Executive Directors whose interests are the same as yours) be entitled to seek external independent advice at the Company's expense.

## Indemnity

16. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both documents and return one copy to me, retaining the other copy for your records.

## Insurance

17. The Company will use its best endeavours to maintain appropriate directors' and officers' (**D&O**) liability insurance (including ensuring that premiums are properly paid) for your benefit:

(i) during the Appointment; and

(ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.

18. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

19. Details of the current D&O policy are being sent to you separately and you will be informed of any changes to that policy.



# Rolls-Royce

## **Other directorships and business interests**

20. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties, which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.

21. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. The agreement of the Chairman should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a Non-Executive Director of the Company.

## **Code of Conduct**

22. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, including its Model Code for Securities Transactions by Directors of Listed Companies, and such other requirements as the Board of Directors may from time to time specify.

## **Confidentiality**

23. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and any Group Companies with which you come into contact by virtue of your position as a Non-Executive Director.

24. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.



# Rolls-Royce

25. On termination of the Appointment you will deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a Non-Executive Director of the Company. The Company is able to arrange the disposal of papers which you no longer require.

## Induction

26. Immediately after the date of the Appointment, the Company will provide a comprehensive induction to help you build up an understanding of the Company, its business and the market in which it operates. The Company will arrange for site visits and meetings with senior and middle management and the Company's auditors.

## Review process

27. The performance of individual Directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a Non-Executive Director which cause you concern you should discuss them with the Chairman or Company Secretary as soon as is appropriate.

## Publication of the letter of appointment

28. In line with provision B.3.2 of the UK Corporate Governance Code the Company will make public this Letter and will also arrange for it to be on display at the Company's Annual General Meeting.

## Rolls-Royce plc

29. For administrative purposes, you are also appointed to serve as a Non-Executive Director of the Company's subsidiary, Rolls-Royce plc. The time commitment required to fulfil this additional role will be minimal and you will receive no further remuneration. For the avoidance of doubt, your appointment as a Non-Executive Director of Rolls-Royce plc shall be coterminous with your appointment as a Non-Executive Director of the Company.

## Membership of Committees

30. This letter refers to your appointment as a Non-Executive Director of the Company (and of Rolls-Royce plc in the limited capacity indicated above). In the event that you are asked to serve on one or more of the Board committees this will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.

## General

31. For the purposes of this Letter **Group Company** shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.



# Rolls-Royce

32. This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.

33. Please confirm your agreement to the above by signing and returning to the Company Secretary's office the enclosed duplicate of this Letter.

Yours sincerely,

**Ian Davis**  
**Chairman**  
**For and on behalf of Rolls-Royce Holdings plc**  
Encs

I have read and agree to the above terms regarding my appointment as a Non-Executive Director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....

Mr Lee Hsien Yang

.....

Date



**Rolls-Royce Holdings plc**  
Kings Place  
90 York Way  
London  
N1 9FX

**Strictly Private & Confidential**

04 May 2021

Nick Luff  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London N1 9FX

Dear Nick,

**Extension to your appointment as a Non-executive Director of  
Rolls-Royce Holdings plc (the *Company*)**

On behalf of the Company, I confirm that the Board has approved an extension to your appointment as a Non-Executive Director of the Company (the *Appointment*).

The extension is with effect from 3 May 2021 and it is anticipated that your appointment will continue for a period of three years from that date, subject to your re-election at any Annual General Meeting of the Company.

The terms of the Appointment will otherwise be on the same terms as set out in your appointment letter dated 27 February 2018.

Please sign and date a copy of this letter where indicated below to acknowledge your acceptance of the extension of your appointment, and then please return a scanned copy to me.

Yours sincerely,

**Pamela Coles**  
**Company Secretary**

-----  
I agree to the continuing terms of my appointment as a Non-Executive Director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

-----  
Nick Luff

-----  
Date

**Rolls-Royce Holdings plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 07524813



# Rolls-Royce

Rolls-Royce Holdings plc

62 Buckingham Gate, London SW1E 6AT

Telephone: +44 (0) 20 7222 9020

Fax: +44 (0) 20 7227 9170

## Strictly Private & Confidential

Nick Luff  
c/o Rolls-Royce Holdings plc  
62 Buckingham Gate  
London  
SW1E 6AT

27 February 2018

Dear Nick,

### **Appointment as a Non-Executive Director of Rolls-Royce Holdings plc (the *Company*)**

On behalf of the Company, I write to confirm that the board of directors of the Company (the **Board**) has resolved to appoint you as a non-executive director of the Company, and as a member of the Company's Nominations and Governance Committee, and Audit Committee (the **Appointment**) with effect from the close of the AGM on 3 May 2018, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

### **Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 3 May 2018, but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's 2018 Annual General Meeting, at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with provision B.7.1. of the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent Annual General Meeting of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.



# Rolls-Royce

3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

## **Independence**

4. The Board has determined you to be independent in accordance with provision B.1.1 of the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chairman as soon as practicable.

## **Time commitment**

5. It is difficult to be precise about the time commitment required to fulfil the role of a non-executive director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.

6. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

## **Role and duties**

7. As a non-executive director you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs, and is accountable to shareholders for all the actions of the Company. The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.



# Rolls-Royce

8. In addition to these requirements of all directors, the role of a non-executive director may be expected to include the following key elements:

- Strategy - Non-executive directors should constructively challenge and help develop proposals on strategy alongside the executive directors;
- Company performance - Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;
- Control of risk - Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- Executive remuneration and succession - Non-executive directors are responsible for determining appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning.

9. During the term of your Appointment you will perform the duties expected of a non-executive director of a UK-listed public limited company, and in particular you will:

- attend meetings of the Board;
- attend the Annual General Meeting of the Company and any other general meeting of shareholders;
- attend committees of the Board, as appropriate;
- carry out such duties as may be reasonably requested by the Board; and
- at all times act in the best interests of the Company and every Group Company (as defined below) and not do anything which is harmful to any such company.

Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.

10. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

## **Fees**

11. Your fees and other expenses as a non-executive director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.



# Rolls-Royce

12. You will be paid a fee for your services as a non-executive director of £70,000 per annum inclusive of any fees for membership of Board committees. If you are invited to assume the Chair of any of the Board's Committees, such role would be subject to an additional fee which would be discussed with you at that time. Your fees will be payable in arrears of equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.

13. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Company Secretary containing further details of the mechanism involved.

14. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.

15. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.

## **Expenses**

16. In addition to the fees described in paragraph 12 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is made available on request).

17. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Company Secretary.

## **External Independent Advice**

18. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) be entitled to seek external independent professional advice at the Company's expense where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Company Secretary's office to facilitate obtaining this advice.

## **Indemnity**

19. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both copies and return one copy to me, retaining the other copy for your records.



# Rolls-Royce

## Insurance

20. The Company will use its best endeavours to maintain appropriate directors' and officers' (**D&O**) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.

21. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

22. Details of the current D&O policy will be sent to you separately and you will be informed of any changes to that policy.

## Other directorships and business interests

23. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties, which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.

24. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. The agreement of the Chairman should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive director of the Company.



# Rolls-Royce

## Share dealing policy

25. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the EU Market Abuse Regulation 2016 and such other requirements as the Board may from time to time specify.

## Confidentiality

26. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a non-executive director.

27. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

28. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:

- deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a non-executive director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and
- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

29. The termination of your Proposed Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

## Induction

30. Immediately after the date of the Appointment, the Company will provide a comprehensive, formal and tailored induction to help you build up an understanding of the Company, its business and the market in which it operates. This will include information summarising some of your key responsibilities as a director of a company listed on the London Stock Exchange. The Company will arrange for site visits and meetings with executive directors and senior management and the Company's auditors. You will also have the chance, if requested, to meet major investors in the first twelve months of your Appointment.



# Rolls-Royce

## Review process

31. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a non-executive director which cause you concern you should discuss them with the Chairman or Company Secretary as soon as is appropriate.

## Publication of the letter of appointment

32. In accordance with provision B.3.2 of the UK Corporate Governance Code the Company will make public this letter on its website and will also arrange for it to be on display at the Company's Annual General Meeting.

## Rolls-Royce plc

33. For administrative purposes, you are also appointed to serve as a non-executive director of the Company's subsidiary, Rolls-Royce plc. The time commitment required to fulfil this additional role will be minimal and you will receive no further remuneration. For the avoidance of doubt, your appointment as a non-executive director of Rolls-Royce plc shall be coterminous with your appointment as a non-executive director of the Company.

## General

34. For the purposes of this letter **Group Company** shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.

35. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.

36. By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.

37. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.



# Rolls-Royce

38. Please confirm your agreement to the above by signing and returning to the Company Secretary's office the enclosed duplicate of this letter.

Yours sincerely,

**Ian Davis**  
**Chairman**  
**For and on behalf of Rolls-Royce Holdings plc**

Encs

I have read and agree to the above terms regarding my appointment as a non-executive director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....

Nick Luff

.....

Date



**Rolls-Royce Holdings plc**  
Kings Place  
90 York Way  
London  
N1 9FX

T +44 (0) 207 227 9143

Mr Mike Manley  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London, N1 9FX

30 June 2021

### **Appointment as a Non-Executive Director of Rolls-Royce Holdings plc (the Company)**

Dear Mike,

On behalf of the Company, I write to confirm that the board of directors of the Company (the Board) has resolved to appoint you as a Non-Executive Director of the Company and as a member of the Company's Nominations & Governance Committee and the Science & Technology Committee (the Appointment) with effect from 1 July 2021, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting the Appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

#### **Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 1 July 2021 but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting (AGM), at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent AGM of the Company (subject always to any other period stipulated in the Articles) when your Appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.
3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any AGM of the Company or upon your resignation for any reason, you will not be entitled to any compensation or damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

**Rolls-Royce Holdings plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 07524813



### **Independence**

4. At Appointment and throughout your term, you must meet the standards of independence assessed against the circumstances set out in the UK Corporate Governance Code. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chair as soon as practicable.

### **Time commitment**

5. You will devote such time to the affairs of the Company as is required by your duties as a Non-Executive Director. It is difficult to be precise about the time commitment required to fulfil the role as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.
6. By accepting the Appointment, you confirm that you will be in a position to, and will, allocate sufficient time to meet the expectations of your role. You confirm that you will inform the Chair of any subsequent changes to your circumstances which may affect the time you can commit to your duties under this agreement.

### **Role and duties**

7. As a Non-Executive Director, you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the long-term success of the Company by directing and supervising the Company's affairs and is accountable to shareholders for all the actions of the Company. The Board:
  - provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance;
  - sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met;
  - promotes the long-term sustainable success of the Company generating value for shareholders and contributing to wider society;
  - establishes the Company's purpose, values and strategy and satisfies itself that these and its culture are aligned;
  - acts with integrity, leads by example and promotes the desired culture within the Company;



- ensures that the necessary resources are in place for the Company to meet its objectives and measures performance against them;
- establishes a framework of prudent and effective controls, which enable risk to be assessed and managed;
- ensures effective engagement with, and encourages participation from, shareholders and stakeholders; and
- ensures that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success, enabling the workforce to raise any matters of concern.

You should familiarise yourself with your duties as a director under the Companies Act 2006. You should have particular regard to the general duties of directors in Part 10 of the Companies Act 2006, including the duty to promote the success of the Company under which all directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:

- the likely consequences of any decision in the long term;
  - the interests of the Company's employees;
  - the need to foster the Company's business relationships with suppliers, customers and others;
  - the impact of the Company's operations on the community and the environment;
  - the desirability of the Company maintaining a reputation for high standards of business conduct; and
  - the need to act fairly as between the members of the Company.
8. In addition to these requirements of all directors, the role of a Non-Executive Director may be expected to include the following key elements:
- Strategy - to constructively challenge, provide strategic guidance, offer specialist advice and help develop proposals on strategy alongside the executive directors;
  - Company performance - to scrutinise and hold to account the performance of management and individual executive directors in meeting agreed goals and objectives and monitor the reporting of performance;
  - Control of risk - to satisfy yourself that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
  - Executive remuneration and succession - to determine appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning;



- Stakeholder engagement - to take opportunities, such as attendance at general and other meetings, to understand shareholder concerns and to meet with key customers and members of the workforce from all levels of the organisation to have an understanding of the business and its relationships with significant stakeholders, and to take into account the views of shareholders, the workforce, customers and other stakeholders where appropriate;
- Visibility - to consider ways of reaching out to increase your visibility with the workforce and gain insights into the culture and concerns at different levels of the business;
- Knowledge and skills - to devote time to developing and refreshing your knowledge and skills to ensure that you continue to make a positive contribution to the Board and generate the respect of the other directors;
- Culture and integrity - to uphold the highest standards of integrity and instil the appropriate culture, values and behaviours in the boardroom and beyond;
- Provision of information - to insist on receiving high-quality information sufficiently in advance of Board meetings to enable thorough consideration of the issues prior to, and informed debate and challenge at, Board meetings, and seek clarification or amplification if you consider the information provided is inadequate or lacks clarity; and
- Time - to make sufficient time available to discharge your responsibilities effectively.

9. In particular you will:

- attend meetings of the Board;
- attend the AGM of the Company and any other general meeting of shareholders;
- attend committees of the Board, as appropriate;
- carry out such duties as may be reasonably requested by the Board; and
- at all times act in the best interests of the Company and not do anything which is harmful to the Company.

Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.

10. You will be expected to perform your duties faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience. You will exercise your powers in your role as a Non-Executive Director in accordance with the Company's articles of association, policies and procedures and internal control framework, and having regard to relevant obligations under prevailing law and regulation, including the Companies Act 2006, the UK Corporate Governance Code and associated FRC Guidance on Board Effectiveness, and the UKLA's Listing, Prospectus, and Disclosure and Transparency Rules.



11. Unless specifically authorised to do so by the Board, you will not enter into any legal or other commitment or contract on behalf of the Company.
12. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

### **Fees**

13. Your fees and other expenses as a Non-Executive Director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.
14. You will be paid a fee for your services as a Non-Executive Director of £70,000 per annum, such fee to be inclusive of any fees for membership of or attendance at any Board committees. Your fees will be payable in arrear in equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.
15. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Chief Governance Officer containing further details of the mechanism involved.
16. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.
17. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.

### **Expenses**

18. In addition to the fees described in paragraph 13 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is available on the Diligent Resource Centre).
19. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Chief Governance Officer's office.



### **External Independent Advice**

20. In order to enable you to carry out the duties of your office, you (and, if appropriate jointly with any other non-executive directors whose interests are the same as yours), after consultation with the Chair if that is practicable, are entitled to seek external independent professional advice at the Company's expense, for example where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Chief Governance Officer's office to facilitate obtaining this advice.

### **Indemnity**

21. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both copies and return one copy to me, retaining the other copy for your records.

### **Insurance**

22. The Company will use its best endeavours to maintain appropriate directors' and officers' (D&O) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company, subject to the terms of the policy from time to time in force.

23. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

24. Details of the current D&O policy are available on the Diligent Resource Centre and you will be informed of any changes to that policy.

### **Other directorships and business interests**

25. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows: -

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and



- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chair and the Chief Governance Officer as soon as they become apparent.

26. During the appointment you will consult with the Chair of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. In accordance with provision 15 of the UK Corporate Governance Code, the agreement of the Board needs to be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a Non-Executive Director of the Company.

#### **Share dealing policy**

27. During the Appointment you are required to comply with any relevant laws and regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the UK Market Abuse Regulation and such other requirements as the Board may from time to time specify.

#### **Confidentiality**

28. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a Non-Executive Director. Nothing in this paragraph 28 shall prevent you from disclosing information which is properly required to be disclosed to any legal or regulatory authority, or which you are entitled to disclose under the Public Interest Disclosure Act 1998 provided that the disclosure is made in accordance with that Act.
29. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently, you should not make any statements that might risk a breach of these requirements without prior clearance from the Chair or Chief Governance Officer.
30. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:
  - deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a Non-Executive Director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and



- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.
31. The termination of the Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

### **Induction and training**

32. Immediately after the date of the Appointment, the Company will provide a comprehensive, formal and tailored induction to help you build up an understanding of the Company, its business and the market in which it operates. This will include information summarising some of your key responsibilities as a director of a company listed on the London Stock Exchange. The Company will arrange for site visits and meetings with executive directors and senior management and the Company's auditors. You will also have the chance, if requested, to meet major investors in the first twelve months of your Appointment.
33. On an ongoing basis, and further to the annual evaluation process described below, the Company will arrange for you to develop and update your skills, knowledge and familiarity with the Company in areas which are mutually identified as being likely to be required, or of benefit to you, in carrying out your duties effectively. You should try to make yourself available for any relevant training sessions which may be organised for you or the Board.

### **Review process**

34. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a Non-Executive Director which cause you concern you should discuss them with the Chair or Chief Governance Officer as soon as is appropriate.

### **Publication of the letter of appointment**

35. In accordance with the UK Corporate Governance Code, the Company will make public this letter on its website and will also arrange for it to be on display at the Company's AGM.

### **General**

36. For the purposes of this letter Group Company shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies) and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.
37. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.



38. By signing this letter, you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.
39. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.

Please confirm your agreement to the above by signing and returning to the Chief Governance Officer the enclosed duplicate of this letter.

Yours sincerely,

**Pamela Coles**

Chief Governance Officer

Encs.



I have read and agree to the above terms regarding my appointment as a Non-Executive Director of Rolls-Royce Holdings plc.

Duly signed and delivered as a Deed on the date inserted below.

Signed as a deed by Mike Manley ) .....  
in the presence of: )

Date: ) .....  
)

Witness's signature: .....

Name (print): .....

Occupation: .....

Address: .....  
.....  
.....



**Rolls-Royce Holdings plc**  
Kings Place  
90 York Way  
London  
N1 9FX

**Strictly Private & Confidential**

03 November 2021

Sir Kevin Smith  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London N1 9FX

Dear Sir Kevin,

**Extension to your appointment as a Non-executive Director of  
Rolls-Royce Holdings plc (the *Company*)**

On behalf of the Company, I confirm that the Board has approved an extension to your appointment as a Non-Executive Director of the Company (the *Appointment*).

The extension is with effect from 1 November 2021 for a period of one year from that date, subject to your re-election at any Annual General Meeting of the Company.

The terms of the Appointment will otherwise be on the same terms as set out in your re-appointment letter dated 20 September 2018.

Please sign and date a copy of this letter where indicated below to acknowledge your acceptance of the extension of your appointment, and then please return a scanned copy to me.

Yours sincerely,

**Pamela Coles**  
**Company Secretary**

-----  
I agree to the continuing terms of my appointment as a Non-Executive Director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

-----  
Sir Kevin Smith

-----  
Date

**Rolls-Royce Holdings plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 07524813



Date: 20 September 2018

**Strictly Private & Confidential**

Sir Kevin Smith  
c/o Rolls-Royce Holdings plc  
62 Buckingham Gate  
London  
SW1E 6AT

Dear Kevin,

**Extension to your appointment as a Non-Executive Director of Rolls-Royce Holdings plc  
(the Company)**

On behalf of the Company, I write to confirm that the board of directors of the Company (the **Board**) has resolved to extend your appointment as a Non-Executive Director of the Company (the **Appointment**) with effect from 1 November 2018, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

**Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for a period of three years from 1 November 2018, but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting, at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent Annual General Meeting of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.
3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

[rolls-royce.com](http://rolls-royce.com)



## **Independence**

4. The Board has determined you to be independent in accordance with the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chairman as soon as practicable.

## **Time commitment**

5. It is difficult to be precise about the time commitment required to fulfil the role of a Non-Executive Director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.
6. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

## **Role and duties**

7. As a Non-Executive Director you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs, and is accountable to shareholders for all the actions of the Company. The Board:
  - provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
  - sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.
8. In addition to these requirements of all directors, the role of a Non-Executive Director may be expected to include the following key elements:
  - Strategy - Non-Executive Directors should constructively challenge and help develop proposals on strategy alongside the executive directors;
  - Company performance - Non-Executive Directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;



- Control of risk - Non-Executive Directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- Executive remuneration and succession - Non-Executive Directors are responsible for determining appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning.

9. During the term of your Appointment you will perform the duties expected of a Non-Executive Director of a UK-listed public limited company, and in particular you will:

- attend meetings of the Board;
- attend the Annual General Meeting of the Company and any other general meeting of shareholders;
- attend committees of the Board, as appropriate;
- carry out such duties as may be reasonably requested by the Board; and
- at all times act in the best interests of the Company and every Group Company (as defined below) and not do anything which is harmful to any such company.

Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.

10. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

## **Fees**

11. Your fees and other expenses as a Non-Executive Director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.

12. You will be paid a fee for your services as a Non-Executive director of:

- i. £70,000 per annum inclusive of any fees for membership of Board committees;
- ii. £15,000 per annum for your role as Senior Independent Director; and
- iii. £20,000 per annum for your role as Chairman of the Science & Technology Committee.



Your fees will be payable in arrears of equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.

13. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will have received a separate letter from the Company Secretary containing further details of the mechanism involved.
14. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.
15. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.
16. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company.

#### **17. Role as Senior Independent Director**

As the Senior Independent Director you should:

- (a) Provide a sounding board for the Chairman and serve as an intermediary for the other directors when necessary;
- (b) Be available if they have concerns which contact through the normal channels of Chairman, Chief Executive or other Executive Directors has failed to resolve or for which such contact is inappropriate; and
- (c) Lead a meeting of the Non-executive Directors (without the Chairman present) at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate.

#### **Expenses**

18. In addition to the fees described in paragraph 12 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is made available on request).
19. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Company Secretary.



## External Independent Advice

20. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) be entitled to seek external independent professional advice at the Company's expense where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Company Secretary's office to facilitate obtaining this advice.

## Indemnity

21. Upon your appointment, the Company entered into a Deed of Indemnity in your favour.

## Insurance

22. The Company will use its best endeavours to maintain appropriate directors' and officers' (**D&O**) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.

23. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

24. Details of the current D&O policy will be sent to you separately and you will be informed of any changes to that policy.

## Other directorships and business interests

25. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties, which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).



In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.

26. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments or significant commitments, and you should provide an indication of the anticipated time involved so that an assessment may be made of how this might impact on the time you are able to devote to your role as a Non-Executive Director of the Company. The agreement of the Board is required before accepting any additional external appointments.

### **Share dealing policy**

27. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the EU Market Abuse Regulation 2016 and such other requirements as the Board may from time to time specify.

### **Confidentiality**

28. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a Non-Executive Director.

29. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

30. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:

- deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a Non-Executive Director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and
- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

31. The termination of your Proposed Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.



## Review process

32. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a Non-Executive Director which cause you concern you should discuss them with the Chairman or Company Secretary as soon as is appropriate.

## Publication of the letter of appointment

33. In accordance with the UK Corporate Governance Code the Company will make public this letter on its website and will also arrange for it to be on display at the Company's Annual General Meeting.

## Rolls-Royce plc

34. For administrative purposes, you are also appointed to serve as a Non-Executive Director of the Company's subsidiary, Rolls-Royce plc. The time commitment required to fulfil this additional role will be minimal and you will receive no further remuneration. For the avoidance of doubt, your appointment as a Non-Executive Director of Rolls-Royce plc shall be coterminous with your appointment as a Non-Executive Director of the Company.

## General

35. For the purposes of this letter **Group Company** shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.

36. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.

37. By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.

38. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.

Please confirm your agreement to the above by signing and returning to the Company Secretary's office the enclosed duplicate of this letter.

[rolls-royce.com](http://rolls-royce.com)

**Rolls-Royce plc**

62 Buckingham Gate, London SW1E 6AT  
Telephone: +44 (0) 207 2229020



Yours sincerely,

**Pamela Coles**  
**Company Secretary**

---

I agree to the continuing terms of my appointment as a Non-Executive Director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....  
Kevin Smith

.....  
Date

[rolls-royce.com](http://rolls-royce.com)

Rolls-Royce plc  
Registered office: 62 Buckingham Gate, London, United Kingdom, SW1E 6AT  
Company number 1003142. Registered in England & Wales



**Rolls-Royce Holdings plc**

Kings Place  
90 York Way  
London  
N1 9FX

T +44 (0) 207 227 9143

Dame Angela Strank  
c/o Rolls-Royce Holdings plc  
Kings Place  
90 York Way  
London, N1 9FX

27 February 2020

**Appointment as a Non-Executive Director of Rolls-Royce Holdings plc (the Company)**

Dear Angela

On behalf of the Company, I write to confirm that the board of directors of the Company (the Board) has resolved to appoint you as a non-executive director of the Company and as a member of the Company's Nominations & Governance Committee, the Safety, Ethics & Sustainability Committee and the Science & Technology Committee (the Appointment) with effect from 1 May 2020, subject to your acceptance of the terms of the Appointment set out below. The terms of the Appointment are subject to the Articles of Association of the Company.

Under this letter you will be an office holder and will not therefore be an employee of the Company or provide services as a self-employed person. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

**Appointment and term**

1. Subject to the detailed terms of this letter and in particular 2 and 3 below, it is anticipated that the Appointment will be for an initial period of three years from 1 May 2020 but may continue thereafter if mutually agreed.
2. The Appointment will be subject to confirmation by shareholders at the Company's next Annual General Meeting on 7 May 2020, at which time your name will be submitted for election by the shareholders. Under the Company's Articles of Association, and in compliance with provision 18 of the UK Corporate Governance Code, it is envisaged that you will be subject to annual re-appointment by shareholders at each subsequent Annual General Meeting of the Company (subject always to any other period stipulated in the Articles) when your appointment shall automatically terminate unless it is mutually agreed to extend your Appointment and you are re-appointed by shareholders as a director.
3. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time in accordance with the provisions of the Articles of Association of the Company including those dealing with retirement, disqualification from office or other vacation of or removal from office, or the provisions for the removal of directors under the Companies Act 2006. Upon such termination, your failure to be re-appointed at any Annual General Meeting of the Company or upon your resignation for any reason, you will not be



entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

### **Independence**

4. The Board has determined you to be independent in accordance with provision 11 of the UK Corporate Governance Code, and you will be identified as such in the annual report and other documentation. If circumstances change, and you believe it may not be possible for you to retain your independence, you should discuss this with the Chairman as soon as practicable.

### **Time commitment**

5. It is difficult to be precise about the time commitment required to fulfil the role of a non-executive director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board Committees. However, as a general guide, the Company anticipates a commitment of up to approximately thirty days per year. You should expect to make yourself available for all regular and emergency Board meetings, the AGM, an annual Board strategy session, and one overseas visit per year.

6. By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

### **Role and duties**

7. As a non-executive director, you have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and is accountable to shareholders for all the actions of the Company. The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

8. In addition to these requirements of all directors, the role of a non-executive director may be expected to include the following key elements:

- Strategy - Non-executive directors should constructively challenge and help develop proposals on strategy alongside the executive directors;
- Company performance - Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;



- Control of risk - Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
  - Executive remuneration and succession - Non-executive directors are responsible for determining appropriate executive remuneration as well as leading the process for the appointment and, where necessary, removal of senior executives including succession planning.
9. During the term of your Appointment you will perform the duties expected of a non-executive director of a UK-listed public limited company, and in particular you will:
- attend meetings of the Board;
  - attend the Annual General Meeting of the Company and any other general meeting of shareholders;
  - attend committees of the Board, as appropriate;
  - carry out such duties as may be reasonably requested by the Board; and
  - at all times act in the best interests of the Company and every Group Company (as defined below) and not do anything which is harmful to any such company. Attendance at Board and Board Committee meetings for these purposes includes attendance by video conference, telephone or teleconference.
10. You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

#### **Fees**

11. Your fees and other expenses as a non-executive director will be determined in accordance with the Remuneration Policy approved from time to time by shareholders. In the event that the Company's commitments under this letter are not consistent with a further Remuneration Policy approved by shareholders in the future, you will not be entitled to compensation or damages in respect of the Company's inability to perform its obligations under this letter.
12. You will be paid a fee for your services as a non-executive director of £70,000 per annum inclusive of any fees for membership of Board committees. If you are invited to assume the Chair of any of the Board's Committees, such role would be subject to an additional fee which would be discussed with you at that time. Your fees will be payable in arrears of equal monthly instalments and subject to any deductions as the Company may be required to make. The fee is reviewed by the Company as appropriate and any increase will be notified to you.
13. You are also entitled to elect for a proportion of your after-tax fees to be invested in ordinary shares in the Company. You will receive a separate letter from the Company Secretary containing further details of the mechanism involved.



14. Save as set out in this letter, no remuneration or entitlement to other benefits (including, but not limited to, pension, life assurance, shares, share options, any employee share scheme operated by the Company or any Group Company, bonuses and other incentive arrangements) will be provided as consideration for the performance of your duties during the Appointment.

15. Any payment or benefit made to you under this letter is subject to and conditional on such approval by the shareholders of the Company as may be required by law. The Company reserves the right to withhold or require repayment of all or part of any such payment or benefit if and to the extent that it is necessary to do so in order to comply with regulatory or legal requirements.

#### **Expenses**

16. In addition to the fees described in paragraph 12 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties in accordance with the Articles, the Remuneration Policy approved from time to time by shareholders, and the Company's expenses policy as amended from time to time (a copy of which is made available on request).

17. You should promptly and regularly submit any details of expenses together with appropriate receipts so incurred to the Chief Governance Officer.

#### **External Independent Advice**

18. In order to enable you to carry out the duties of your office, you will after consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other non-executive directors whose interests are the same as yours) be entitled to seek external independent professional advice at the Company's expense where you are required to consider any matter in which you may have an interest which may conflict with the interests of the Company. You should use the Chief Governance Officer's office to facilitate obtaining this advice.

#### **Indemnity**

19. The Company will enter into a Deed of Indemnity in your favour which is enclosed in duplicate. Please sign both copies and return one copy to me, retaining the other copy for your records.

#### **Insurance**

20. The Company will use its best endeavours to maintain appropriate directors' and officers' (D&O) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company.



21. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover.

22. Details of the current D&O policy will be sent to you separately and you will be informed of any changes to that policy.

Other directorships and business interests

23. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act 2006, there are a number of statutory duties which are the personal responsibility of each director and not the Company. Three such duties are of particular relevance on the matter of conflicts of interest as follows:-

- a duty not to accept benefits from third parties (s.176);
- a duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any interest in an existing transaction or arrangement with the Company (transactional conflicts) (s.177); and
- a duty to avoid a situation in which you have, a direct or indirect interest which can conflict with that of the company (situational conflicts) unless authorised by the directors (s.175).

In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.

24. During your appointment as a Director you will consult with the Chairman of the Company prior to accepting any other (or further) directorships of publicly quoted companies, or any major external appointments. In accordance with provision 15 of the UK Corporate Governance Code, the agreement of the Board needs to be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive director of the Company.

#### **Share dealing policy**

25. During the Appointment you are required to comply with any relevant regulations as may be issued by the United Kingdom Listing Authority, or Financial Conduct Authority, including the EU Market Abuse Regulation 2016 and such other requirements as the Board may from time to time specify.

#### **Confidentiality**

26. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and/or any Group Company with which you come into contact by virtue of your appointment and position as a non-executive director.

27. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of inside information (i.e. price-sensitive information) and in particular the



UK Listing Authority's Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. Consequently, you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

28. On termination of the Appointment, for whatever reason and howsoever caused, you agree that you will immediately:

- deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as a non-executive director of the Company. The Company is able to arrange the disposal of papers which you no longer require; and
- resign from any office held at that time with the Company or with any Group Company and you hereby irrevocably appoint any person who is a director of the Company at the relevant time as your attorney in your name and on your behalf to sign any document and perform any act necessary to effect each such resignation should you fail to do so.

29. The termination of your Proposed Appointment will not affect such of the above provisions as are expressed or designed to have effect after such termination.

### **Induction**

30. Immediately after the date of the Appointment, the Company will provide a comprehensive, formal and tailored induction to help you build up an understanding of the Company, its business and the market in which it operates. This will include information summarising some of your key responsibilities as a director of a company listed on the London Stock Exchange. The Company will arrange for site visits and meetings with executive directors and senior management and the Company's auditors. You will also have the chance, if requested, to meet major investors in the first twelve months of your Appointment.

### **Review process**

31. The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters arising in connection with your role as a non-executive director which cause you concern you should discuss them with the Chairman or Company Secretary as soon as is appropriate.

### **Publication of the letter of appointment**

32. In accordance with provision B.3.2 of the UK Corporate Governance Code the Company will make public this letter on its website and will also arrange for it to be on display at the Company's Annual General Meeting.

### **Rolls-Royce plc**

33. For administrative purposes, you are also appointed to serve as a non-executive director of the Company's subsidiary, Rolls-Royce plc. The time commitment required to



fulfil this additional role will be minimal and you will receive no further remuneration. For the avoidance of doubt, your appointment as a non-executive director of Rolls-Royce plc shall be coterminous with your appointment as a non-executive director of the Company.

#### **General**

34. For the purposes of this letter Group Company shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall have the meaning ascribed to them in section 1159 of and Schedule 6 to the Companies Act 2006.

35. As you may be aware, the Company is required to make various disclosures and declarations to comply with company law and UK Financial Services Authority regulations. You will be required to provide such information as is necessary to comply with these requirements and any similar requirements arising out of the Company's overseas operations.

36. By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998). You consent to the Company making such information available to any Group Company, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of the Company. You also consent to the transfer of such information outside the European Economic Area in order to further the Company's and/or any Group Company's business interests.

37. This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the exclusive jurisdiction of the courts of England.

38. Please confirm your agreement to the above by signing and returning to the Chief Governance Officer the enclosed duplicate of this letter.

Yours sincerely,

Ian Davis  
Chairman

Encs

I have read and agree to the above terms regarding my appointment as a non-executive director of Rolls-Royce Holdings plc and of Rolls-Royce plc.

.....  
Angela Strank

.....  
Date