

Resolution on the endorsement of the remuneration system for Executive Board members

Preamble

Pursuant to section 87a (1) of the German Stock Corporation Act (AktG), the Supervisory Board of a listed company shall adopt a resolution on a clear and understandable system for the remuneration of the members of the Executive Board. The old remuneration system for the members of the Executive Board of Rheinmetall AG (also referred to as “the company” in the following) was put to the vote and approved by a majority of 92.49% at the Annual General Meeting on 14 May 2024.

Section 120a (1) of the German Stock Corporation Act (AktG) states that the general meeting of the listed company shall adopt a resolution regarding the endorsement of the system governing the remuneration of the members of the Executive Board submitted to it by the Supervisory Board whenever the remuneration system is substantially modified, at a minimum, however, every four years. The Supervisory Board regularly reviews the remuneration system for members of the Executive Board to identify any need for action. If there is a need for action involving a significant change to the remuneration system, an adjusted remuneration system is presented to the Annual General Meeting.

The current remuneration system provides for a maximum remuneration of €8.5m for the Chairman of Rheinmetall AG's Executive Board in accordance with Section 87a (1) no. 1 AktG. The Supervisory Board extended the executive service agreement with the Chairman of the Executive Board ahead of schedule due to his exceptional success and outstanding experience and skills, and increased the target remuneration from 1 January 2025. The current maximum remuneration limits the variable remuneration parts in such a way that exceptionally successful financial years are not sufficiently reflected in the amount of Executive Board remuneration. Without an increase in the maximum remuneration, the adjustment of the target remuneration for the Chairman of the Executive Board would have no effect in the event of high target achievement levels. This would not provide for an adequate incentive. In view of the significant growth and very positive business development of Rheinmetall AG in recent years and the importance of the Chairman of the Executive Board for future development, the maximum remuneration and thus the potential payout for the Chairman of the Executive Board should be increased accordingly to €10.5m. The new maximum remuneration is set slightly above the median compared to other DAX companies. The maximum remuneration limits the total of all payments resulting from the remuneration commitments for a financial year. The remuneration package under this individual agreement is significantly below the maximum remuneration and is transparently disclosed in the remuneration report. This means that the maximum remuneration can still only be reached if the targets are significantly exceeded and the capital market performance is exceptionally positive. This incentivises exceptional performance and the sustainable and long-term successful development of the company. The maximum remuneration for ordinary members of the Executive Board and all other Executive Board remuneration provisions remain unchanged compared to the remuneration system presented to the Annual General Meeting on 14 May 2024.

Taking all this into consideration – and based on the recommendations of its Personnel and Remuneration Committee – the Supervisory Board is proposing endorsement of the revised remuneration system for members of the Executive Board as outlined below. Subject to endorsement by the 2025 Annual General Meeting, the revised remuneration system shall take effect from 1 January 2025 for all incumbent members of the Executive Board and for all newly appointed and reappointed members.

1. Principles of the remuneration system

The remuneration system for members of the Executive Board of Rheinmetall AG makes a significant contribution to promoting the long-term corporate strategy and is a reflection of sustainable business success thanks to the anchoring of performance indicators within the remuneration system. Executive Board members are properly remunerated according to their sphere of activity and responsibility, taking into reasonable account both the personal performance of each and every Executive Board member as well as the economic situation and success of the company.

The corporate strategy

Rheinmetall is a leading integrated technology group that develops solutions for a secure and livable future. The strategic orientation is derived from this overarching goal. It is reevaluated at regular intervals by the Executive Board and the Supervisory Board and is adjusted to reflect the ever-evolving environment. It is not only market- and industry-specific aspects but also general regional and technological developments that have a role to play. On the whole, Rheinmetall AG pursues an ambitious growth strategy that is geared toward both sustainable and profitable growth across economic cycles. It entails a targeted focus on growth areas and the attainment of a high level of competitiveness in these fields. As a global technology group for mobility and security, Rheinmetall enjoys excellent opportunities both for organic company growth and for investment in capacity expansion through acquisitions. Rheinmetall's strategy is centered specifically around current and future customers whom it aims to impress with the quality of Rheinmetall products. Earnings before taxes (hereinafter: EBT) is the primary measure of the financial success of the operational entities and of Rheinmetall's sustainable and profitable growth as a result, which is why it features as a significant financial performance target in the Executive Board's short-term variable remuneration (short-term incentive; hereinafter: STI). Meanwhile, the protection of liquidity based on operating free cash flow (hereinafter: OFCF) is the second core financial performance target of the STI.

In light of more rapid market changes, increasing uncertainty particularly as a result of the many geopolitical trouble spots, greater complexity of framework conditions that vary significantly from one country to the next and major technological progress, business decisions are increasingly dependent on the ability to reliably evaluate potential risks. As an internationally active technology group with a heterogeneous product portfolio, Rheinmetall is exposed to risks that vary depending on the business unit, industry and region. The corporate strategy is aimed at generating fair returns over the long term, exploring any opportunities that come our way, and leveraging and developing potential for success, while avoiding, minimizing or compensating for the associated risks as much as possible. The aim is to maintain our corporate flexibility and financial security and, in turn, safeguard Rheinmetall's continued, long-term existence. That is why profitability based on the metric return on capital employed (hereinafter: ROCE) is assessed and ensured as part of Rheinmetall's corporate management. ROCE thus features as a significant financial performance target in the Executive Board members' long-term variable remuneration (long-term incentive; hereinafter: LTI).

In addition, Rheinmetall supports continuous increases in shareholder value by specifically reconciling the interests of the Executive Board and the shareholders. Linking a significant proportion of the LTI directly to share performance is what underpins Rheinmetall AG's capital market success. As an additional financial performance target, relative total shareholder return (hereinafter: rTSR) ensures that remuneration of the company's managers is aligned with shareholder interests by providing incentives to outstrip the capital market performance of comparable companies.

Responsibility and sustainability

There is a growing interest in corporate governance, compliance, sustainability, environmental protection and conservation, and corporate responsibility among the members of the general public. The company is receiving an increasing number of inquiries from all areas of society as people's expectations regarding transparency and demands for comparability grow. Investors are looking for sustainable investments. Employees are seeking job security, but they also have a growing desire to strike a better balance between their professional goals and their family and private interests. More and more customers are interested in environmentally friendly products. Legislators, authorities and also NGOs are calling for ever-stricter requirements and limits to be met. Neighbors of industrial sites are fearful that their quality of life will be impaired. Communities, associations and aid organizations, on the other hand, appreciate the contribution that companies make to their social, cultural and sporting activities.

The Supervisory Board and Executive Board of Rheinmetall AG are confident that the Group's increasing focus on sustainability will prove to be a key element of the corporate strategy. With this in mind, the actions of Executive Board members are to be motivated by sustainability as well. Therefore, the remuneration of Rheinmetall AG Executive Board members will feature tangible and measurable ESG targets (E = environment, S = social, G = governance) within both the STI and the LTI. Furthermore, Rheinmetall believes that it has a responsibility to do its part to carry out the Paris Climate Agreement. The Executive Board's contribution to the target of achieving carbon neutrality by 2035 is therefore also taken into consideration in the variable portion of the remuneration system and efforts continue to bring down emissions.

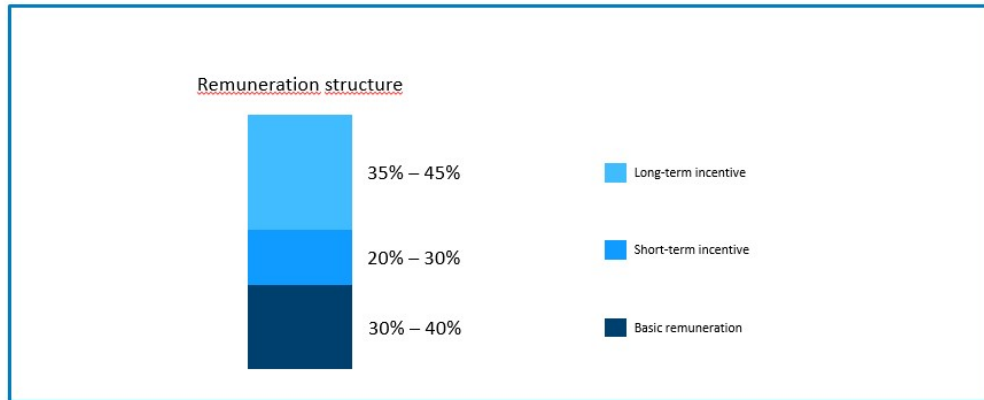
2. The remuneration system at a glance

The remuneration system comprises not only fixed parts (basic remuneration, fringe benefits and pension commitments / pension remuneration) but also short- and long-term variable remuneration components (STI and LTI). The remuneration system also specifies additional remuneration-related elements (e.g. share ownership guidelines, penalty and clawback provisions, and entitlements upon termination of an Executive Board mandate).

Fixed remuneration	Basic remuneration	<ul style="list-style-type: none"> Annual salary paid in twelve monthly installments 	
	Fringe benefits	<ul style="list-style-type: none"> Subsidies for health and long-term care insurance, subsidy for private pension scheme, accident insurance and provision of a company car for private use 	
	Pension commitments/ pension remuneration	<ul style="list-style-type: none"> Modular capital plan Annual basic contribution of 16% of the basic remuneration and the STI on 100% target achievement Where applicable, additional performance-based supplementary contribution (capped at 30% of the basic contribution) The basic contribution and any performance-based supplementary contribution are converted by way of capitalization factor within the capital component Payment in the form of a life-long pension (the retirement age is 65) Alternatively, pension remuneration in cash for Executive Board Member's own provision for the future 	
Variable remuneration	STI	Plan type	<ul style="list-style-type: none"> Target bonus
		Performance period	<ul style="list-style-type: none"> 1 year
		Performance targets	<ul style="list-style-type: none"> 60% EBT (0%-250% target achievement) 20% OFCF (0%-250% target achievement) 20% ESG (0%-250% target achievement)
		Payment	<ul style="list-style-type: none"> Cash after the end of each fiscal year (0%-250% of the target amount)
	LTI	Plan type	<ul style="list-style-type: none"> Performance share plan
		Performance period	<ul style="list-style-type: none"> 4 years
		Performance targets	<ul style="list-style-type: none"> 40% rTSR (0%-200% target achievement) 40% ROCE (0%-200% target achievement) 20% ESG (0%-200% target achievement)
		Payment	<ul style="list-style-type: none"> 50% in cash and 50% in shares after end of four-year performance period (0%-250% target achievement)
Maximum remuneration	<ul style="list-style-type: none"> Chairman of the Executive Board: €10,500,000 Ordinary Executive Board member: €4,250,000 		
Penalty and clawback provisions	<ul style="list-style-type: none"> Reduction of any variable remuneration that has not yet been paid and reclaim of any variable remuneration that has already been paid in the event of breaches of compliance and incorrect consolidated financial statements 		
Share ownership guidelines (SOG)	Share purchase and holding obligations of: <ul style="list-style-type: none"> 200% of the annual gross basic remuneration for the Chairman of the Executive Board 100% of the annual gross basic remuneration for ordinary Executive Board members 		
Remuneration-related legal transactions	<ul style="list-style-type: none"> Executive Board employment contracts are concluded for a fixed term for the duration of the Executive Board member's appointment, so for a maximum term of five years Severance payment cap: In the event of premature termination of the Executive Board employment contract, payments, including fringe benefits, must not exceed the value of two annual remuneration payments and must not remunerate more than the remaining term of the Executive Board employment contract 		
Remuneration for mandates	<ul style="list-style-type: none"> Remuneration for mandates at affiliated companies is offset against the basic remuneration; the Supervisory Board decides how remuneration for mandates at non-affiliated companies is offset 		

3. Relative shares of the remuneration components (remuneration structure)

As per section 87 (1) sentence 2 of the German Stock Corporation Act (AktG), the Supervisory Board aligns the remuneration structure toward the company's sustainable and long-term development. This is achieved by giving a higher weighting to the long-term targets of the LTI than to the short-term targets of the STI. This specifically provides incentives for the company's sustainable and long-term development, while also taking account of annual operating targets through the STI – the achievement of which forms the basis for future development. The weighting is balanced between the fixed and variable remuneration components and takes care not to incentivize disproportionate risk-taking. The relative shares of the remuneration components within the remuneration system (assuming 100% target achievement for variable remuneration) are as follows:



The expense for pension provision and fringe benefits recognized in the statement of financial position is subject to annual fluctuations by its very nature. The annual expense for fringe benefits is normally roughly between 1% and 5% of the individual basic remuneration. If newly appointed Executive Board members are granted fringe benefits as a one-off or for a limited period of time (e.g. relocation and rental costs), the expense for fringe benefits may occasionally be even higher.

The service cost for the pension commitments described in section 4.1.3 varies every year and was between 16% and 64% of the individual base remuneration in the 2023 financial year. The yearly variations result, in particular, from commitments under the old system when target remuneration was adjusted. Instead of a pension commitment, newly appointed Executive Board members can be granted pension remuneration in cash, which does not exceed 30% of the individual base remuneration, for making their own provisions.

4. The remuneration system in detail

4.1. Fixed remuneration components

The fixed remuneration components include basic remuneration, fringe benefits and pension commitments / pension remuneration.

4.1.1. Basic remuneration

Each Executive Board member receives a basic remuneration not linked to performance, which is paid every month in twelve equal parts.

4.1.2. Fringe benefits

The Executive Board members receive fringe benefits. Fringe benefits mainly include subsidies for health and long-term care insurance, a subsidy for a private pension scheme equal to the notional employer contribution under the statutory social security system (limited to the contribution assessment ceiling) and the provision of a company car that can also be used privately in accordance with current guidelines. Accident insurance is also taken out for each Executive Board member, which may also include a payment in the event of his/her death. The tax burden resulting from these fringe benefits is borne by the respective Executive Board member.

The Supervisory Board still has the option of granting new Executive Board members one-off fringe benefits in individual cases where it deems this necessary. For example, it may decide to grant relocation and rental costs on a temporary basis to new members whose appointment requires them to change their place of residence. Additionally, a new Executive Board member may be compensated for proven losses of remuneration already allocated by a former employer that they incurred as a result of joining Rheinmetall AG. These arrangements ensure that the Supervisory Board has the flexibility it requires to recruit the very best candidates for the Executive Board.

4.1.3. Pension commitments / pension remuneration

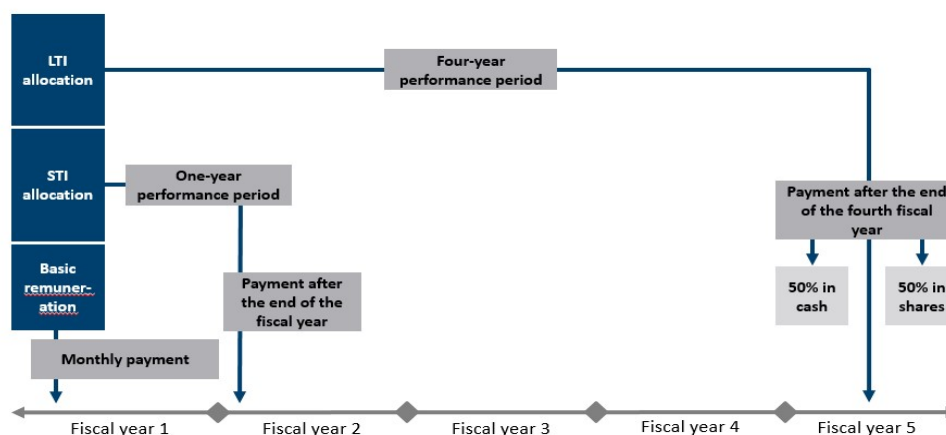
The remuneration system stipulates that Executive Board members shall primarily receive a pension in the form of a modular capital plan. They receive an annual basic contribution of 16% of the respective basic remuneration and 100% of the target amount of the STI. The basic contribution may also be supplemented by a performance-related additional contribution. The additional contribution is capped with an upper limit equal to 30% of the basic contribution. The basic contribution and, if applicable, performance-related additional contribution are converted annually to a capital component with a capitalization factor linked to the benefits age. The sum of the capital components acquired in the past few calendar years yields the total pension capital. The total pension capital is converted to a lifelong pension when benefits become due. The retirement age is 65.

A transitional arrangement applies for Executive Board members who had acquired entitlements under the old system. The average defined benefit is 27.5% of the respective basic remuneration and the respective 100% target amount of the STI before retirement. The retirement age is 63.

Instead of a pension commitment, newly appointed Executive Board members can be granted pension remuneration in cash, which does not exceed 30% of the individual base remuneration, for making their own provisions.

4.2. Variable remuneration components

The variable remuneration comprises the STI and the LTI. These elements vary, particularly in terms of the selected performance targets and the performance period. The performance targets of the STI are measured over a performance period of one year, while the performance targets of the LTI are measured over a performance period of four years.



4.2.1. Short-term incentive (STI)

The STI is dependent on financial success in the respective fiscal year. Executive Board members receive an STI, the amount of which is calculated based on three additively linked performance targets: EBT weighted at 60%, OFCF weighted at 20% and ESG weighted at 20%.

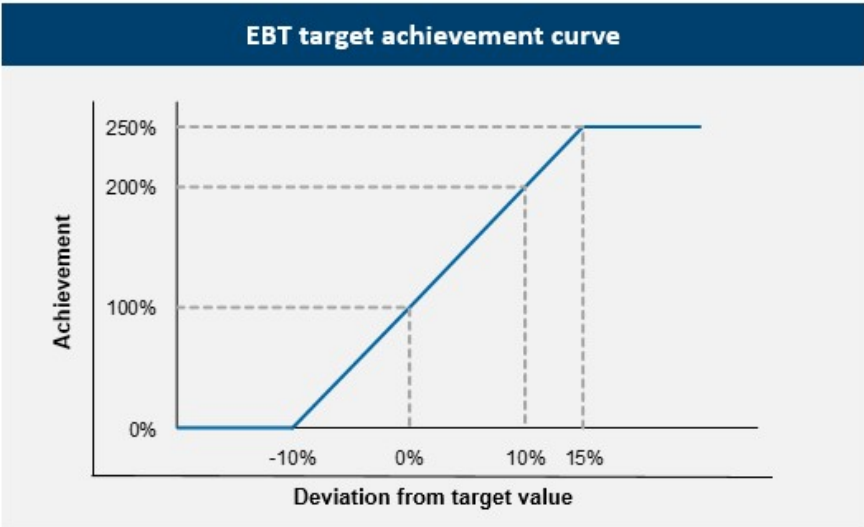
An individual target amount corresponding to 100% overall target achievement has been agreed in the Executive Board employment contracts. Overall target achievement is the sum of the weighted target achievements within the individual performance targets; it may only be adjusted by a modifier in the event of extraordinary developments. Multiplying the target amount by the overall target achievement figure and the modifier where applicable produces the payment amount, which is transferred to the relevant Executive Board member with the next salary statement following Supervisory Board approval of the annual financial statements. The payment amount can be anywhere between zero and 250% (cap) of the target amount. The following diagram shows how the STI is structured.

In exceptional pre-defined circumstances, such as changes to accounting standards or M&A events, the Supervisory Board may adjust the results of the financial and ESG targets that were actually achieved. The results may be adjusted upwards or downwards. Generally unfavorable market developments explicitly do not fall under these exceptional circumstances. If the Supervisory Board decides to make such an adjustment, the decision will be discussed and explained in the remuneration report.



Earnings before taxes (EBT)

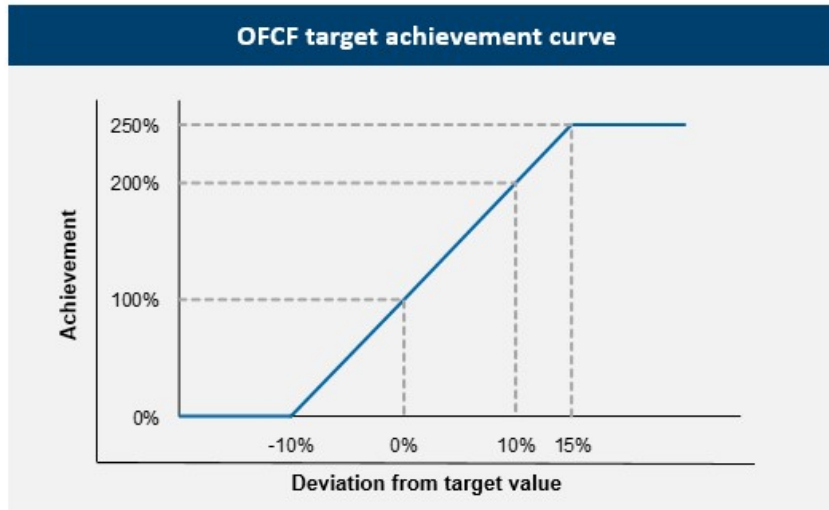
60% of overall target achievement for the STI is determined by achievement of the EBT target. EBT is particularly well-suited for assessing the financial success of Rheinmetall’s operational entities. At the start of a fiscal year, the Supervisory Board will set an ambitious EBT target for the year based on operational planning. The EBT actually achieved is determined annually on the basis of the Rheinmetall consolidated financial statements. If the EBT actually achieved corresponds exactly to the target value, target achievement is 100%. If the EBT is 10% or more below the target value, target achievement is 0%. If the EBT is 10% above the target value, target achievement is 200%. If the EBT is 15% or more above the target value, target achievement is always 250% (maximum target achievement). Between the above points, target achievement is calculated using linear interpolation.



Operating free cash flow (OFCF)

A further 20% of overall target achievement for the STI is determined by achievement of the OFCF target. The OFCF indicates the level of cash and cash equivalents generated from ordinary business activities within a fiscal year. At the start of a fiscal year, the Supervisory Board will set an ambitious OFCF target for the year based on operational planning. If the OFCF achieved corresponds exactly to the target value, target achievement is 100%. If the OFCF is 10% or more below the target value, target achievement is 0%.

If the OFCF is exactly 10% above the target value, target achievement is 200%. If the OFCF is 15% or more above the target value, target achievement is always 250% (maximum target achievement). Between the above points, target achievement is calculated using linear interpolation.



Environmental, social and governance (ESG)

In order to set incentives for sustainable corporate development and promote the implementation of the sustainability strategy, ESG targets are factored into the STI with a weighting of 20%. At the start of a fiscal year, the Supervisory Board will select the ESG targets from the catalog shown below with clearly defined criteria derived from the sustainability strategy and set them in stone. For each fiscal year, the Supervisory Board may select other criteria or targets from the catalog of criteria to use as a basis for assessing the performance of Executive Board members. Due to its particular significance, the compliance / internal control system criterion is always included in the selection of relevant targets for Executive Board remuneration.

- Catalog of criteria for ESG targets**
- **Compliance / internal control system**
 - Attractiveness as an employer
 - Employee satisfaction
 - Customer satisfaction
 - Innovation / technology projects aimed at avoiding/reducing CO₂
 - Succession planning for management and key positions
 - Training and upskilling
 - Resource conservation
 - Social engagement

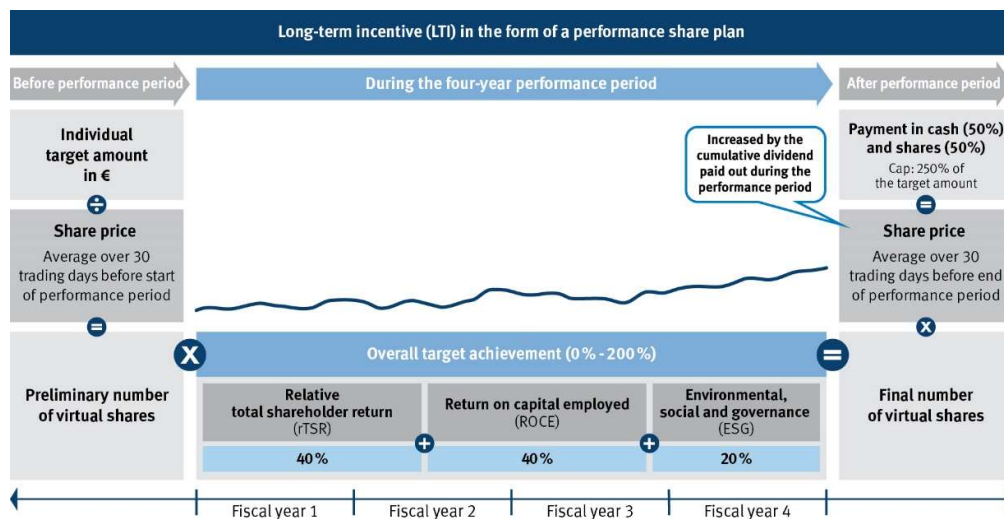
Modifier

In accordance with recommendation G.11 sentence 1 of the German Corporate Governance Code (DCGK), the Supervisory Board may, at its reasonable discretion, apply an extra amount or a deduction of up to 20% to the mathematical achievement of the financial and ESG targets in order to take account of extraordinary developments. The Supervisory Board will only use its discretion to take extraordinary developments and events appropriately into account. Justified exceptional circumstances that would permit such an adjustment to be made are limited to external developments and events that distort the ratio of Executive Board performance to the STI payment amount (such as extraordinary and far-reaching changes to the economic situation), and only provided that the Supervisory Board did not foresee these circumstances or their specific impacts at the time the targets were set. Generally favorable or unfavorable market developments do not explicitly qualify as extraordinary developments or events. Even if the multiplier is applied, the maximum payment amount cannot exceed 250% of the target STI.

4.2.2. Long-term incentive (LTI)

The Executive Board remuneration system makes a significant contribution to promoting the business strategy and sets incentives for the Executive Board that serve the sustainable and long-term development of Rheinmetall. To this end, Executive Board members are granted an LTI in the form of a performance share plan.

At the beginning of each fiscal year, the Executive Board members are allocated a new tranche of virtual shares under the performance share plan. An individual target amount corresponding to a payment factor of 100% has been agreed in the Executive Board employment contracts. The individual target amount is divided by the average closing price of Rheinmetall shares over the last 30 stock market trading days prior to the start of the performance period to obtain the preliminary number of virtual shares. At the end of the four-year performance period, the final number of virtual shares is determined based on the weighted target achievement of the three additively linked performance targets – relative total shareholder return (rTSR) weighted at 40%, return on capital employed (ROCE) weighted at 40% and ESG weighted at 20%. At the end of the performance period, the number of virtual shares definitively allocated is multiplied by the sum of the average closing price of Rheinmetall shares over the last 30 stock market trading days before the end of the four-year performance period and the cumulative dividend per share paid out during the performance period to determine the final payment amount. It is capped at 250% of the individual target amount. Half of the final payment amount is paid in shares, with the number of shares calculated from the ratio of half the virtual final amount to the average closing price of Rheinmetall AG shares over the last 30 stock market trading days before the end of the four-year performance period. The company pays the other half to Executive Board members in cash. This cash component is primarily intended to settle the tax burden resulting from receipt of the shares and the



cash component. This means the payment amount can be anywhere between zero and 250% of the target amount. The following diagram shows how the performance share plan is structured and gives a fictitious calculation as an example:

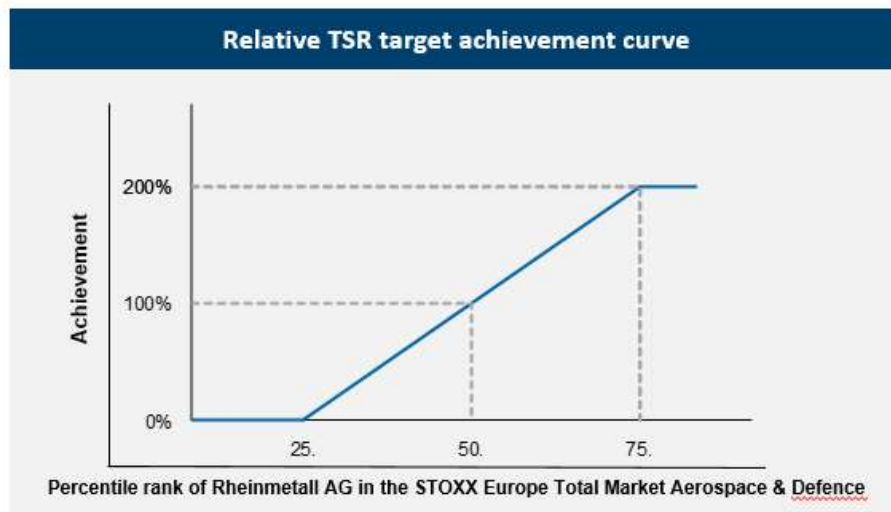
In exceptional pre-defined circumstances, such as changes to accounting standards or M&A events, the Supervisory Board may adjust the results of the ROCE and ESG targets that were actually achieved. The results may be adjusted upwards or downwards. Generally unfavorable market developments explicitly do not fall under these exceptional circumstances. If the Supervisory Board decides to make such an adjustment, the decision will be discussed and explained in the remuneration report.

Relative total shareholder return (rTSR)

The number of virtual shares definitively allocated is dependent (in a ratio of 40%) on the TSR of Rheinmetall shares compared with other companies in the STOXX® Europe Total Market Aerospace & Defence Index. This measures the long-term development of Rheinmetall AG on the capital market compared with its peers while adjusting for general market developments to the greatest possible extent.

The TSR indicates the increase in the value of shares over a defined period, assuming that gross dividends are directly reinvested. The start value for determining the TSR of Rheinmetall AG and the peer companies is based on the arithmetic mean of the closing share price over the last 30 stock market trading days before the end of a performance period. The end value for determining the TSR of Rheinmetall AG and the peer companies is based in each case on the arithmetic mean of the closing share price over the last 30 stock market trading days before the end of a respective year of the performance period. The increase in value is calculated by comparing the start value and the respective end value, assuming that gross dividends are directly reinvested. To determine the rTSR, the respective TSR values for Rheinmetall AG and the peer companies are then placed in order and assigned to percentiles. After the end of a performance period, an average is calculated using the percentiles assessed in this way.

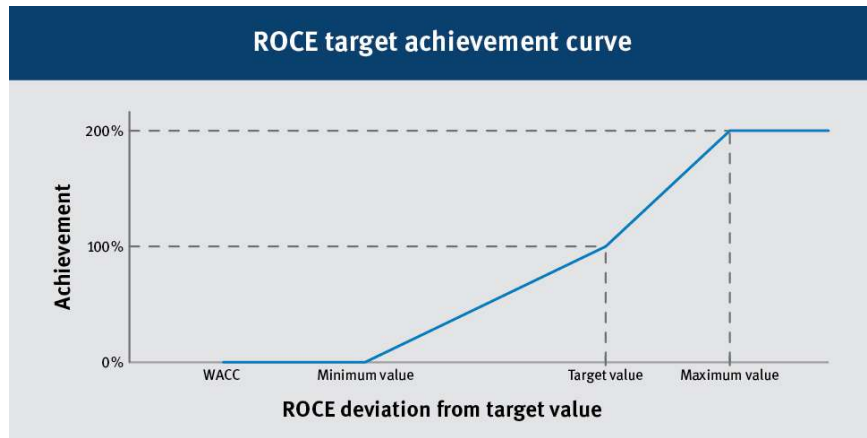
If the mean TSR of Rheinmetall shares is in the 50th percentile (median), target achievement is 100%. If the mean TSR is in or below the 25th percentile, target achievement is 0%. If the mean TSR is in the 75th percentile, target achievement is 200%. Higher positioning above the 75th percentile does not result in any further increase in target achievement. Between the 25th and 75th percentiles, target achievement is calculated using linear interpolation. The symmetrical target achievement curve resulting therefrom is in line with German market practice and ensures a balanced risk/reward profile. It rewards outperforming competitors without creating a trigger for taking unreasonable risks.



Return on capital employed (ROCE)

The number of virtual shares definitively allocated is dependent (in a ratio of 40%) on Rheinmetall’s ROCE. ROCE is the ratio of EBIT to average capital employed and it provides information on the return of the capital employed over the long term. At the beginning of each LTI tranche, the Supervisory Board sets a minimum value, a target value and a maximum value for the performance period. When determining these values, the Supervisory Board is guided by Rheinmetall’s medium-term planning, where the minimum value is always higher than Rheinmetall’s weighted average cost of capital (WACC) including an appropriate surcharge value.

The ROCE actually achieved is determined annually on the basis of the Rheinmetall consolidated financial statements. The average ROCE during the four-year performance period is then calculated. For example, for the 2025 tranche the ROCE actually achieved in fiscal years 2025, 2026, 2027 and 2028 is taken into account. If the average ROCE actually achieved corresponds exactly to the target value, target achievement is 100%. If the average ROCE corresponds exactly to or is below the set minimum value, target achievement is 0%. If the average ROCE corresponds exactly to or is above the maximum value, target achievement is 200%. If the target achievement of 200% is reached, further increases in the ROCE actually achieved do not lead to any further increase in target achievement. Between the above points, target achievement is calculated using linear interpolation.



Environmental, social and governance (ESG)

The number of virtual shares definitively allocated is dependent (in a ratio of 20%) on the ESG targets derived from the ESG strategy. The ESG targets set incentives for sustainable corporate development, promote the implementation of Rheinmetall’s sustainability strategy and take into account the impact of Rheinmetall’s business activities on the environment. The Supervisory Board selects criteria from the catalog shown below before the start of the performance period. For each tranche, the Supervisory Board may select other criteria or targets from the catalog of criteria. Based on the achievement of ESG targets, the Supervisory Board assesses the overall performance of the Executive Board. It can be anywhere between 0% and 200%.

- ESG catalog of criteria**
- Health and safety in the workplace (LTIR “lost time incident rate”)
 - Reduction of CO₂ emissions / contribution to carbon neutrality
 - Diversity
 - Sustainable finance taxonomy

4.3. Ex-post publication in the remuneration report

The target achievement curves featuring specific target values and the target achievement figures calculated for all financial and non-financial performance targets within the STI and the LTI are published in the remuneration report for each fiscal year just ended. This gives shareholders a transparent picture of how the payment amounts for variable remuneration are actually determined.

4.4. Penalty and clawback provisions

To further ensure the successful development of the company over time and the appropriateness of remuneration, the STI and LTI are subject to penalty and clawback provisions.

If, after payment of the variable remuneration (STI and LTI), it transpires that the consolidated financial statements were incorrect, the Executive Board member will be expected to partially or fully repay the variable remuneration already paid out (performance clawback). The amount of the claim for repayment shall be determined on the basis of the corrected and audited consolidated financial statements. The fault of the Executive Board member is irrelevant in this case.

If a member of the Executive Board intentionally violates the Code of Conduct, the compliance guidelines or a significant contractual obligation, or commits significant breaches of their duty of care as defined in section 93 of the German Stock Corporation Act (AktG), the Supervisory Board may also, at its reasonable discretion, reduce to zero any variable remuneration not yet paid out (compliance penalty) and demand the return of any variable remuneration already paid out (compliance clawback).

The obligation of the Executive Board member to pay damages to the company in accordance with section 93 (2) of the German Stock Corporation Act (AktG), the right of the company to revoke the appointment in accordance with section 84 of the German Stock Corporation Act (AktG) and the right of the company to terminate the Executive Board member's employment contract for cause (section 626 of the German Civil Code (BGB)) remain unaffected by the clause.

4.5. Share ownership guidelines (SOG)

To further align the interests of the Executive Board and shareholders, the Executive Board members are required to make a significant personal investment in Rheinmetall shares. The Executive Board members are accordingly required to invest an amount equivalent to 200% of the annual gross basic remuneration in the case of the Chairman of the Executive Board, and 100% of the annual gross basic remuneration in the case of ordinary Executive Board members, in Rheinmetall shares and to hold these shares until the end of their Executive Board mandate. The respective necessary shareholding must be accumulated within four calendar years.

4.6. Maximum remuneration

Maximum remuneration in accordance with section 87a (1) no. 1 of the German Stock Corporation Act (AktG) has been defined for the sum of all remuneration components. This amounts to €10,500,000 for the Chairman of the Executive Board and €4,250,000 for each ordinary Executive Board member. The maximum remuneration relates to the sum of all payments resulting from the remuneration commitments for a fiscal year. If the sum of the payments from a fiscal year exceeds this defined maximum remuneration, then the remuneration component due to be paid out last (usually the LTI) is reduced.

4.7. Remuneration-related legal transactions

Term of contract

Executive Board employment contracts are concluded for a fixed term for the duration of the Executive Board member's appointment, so for a maximum term of five years. In the contracts, it may be agreed that the term of contract will be extended accordingly if the Executive Board member is reappointed. New Executive Board members can be appointed initially for no more than three years.

Termination of contract

In the event that the company does not wish for a member to be reappointed or the Executive Board member themselves does not wish to be reappointed or the Supervisory Board recalls the Executive Board member, it may be agreed that the Executive Board member is released from their service obligation while otherwise continuing to apply the contract. Ordinary termination of the Executive Board employment contract is excluded. It is possible, however, for both the Executive Board member concerned and the company to terminate the contract for cause. Automatic termination is also stipulated in the event that the Executive Board member becomes permanently unable to work during the term of their contract. The Executive Board employment contracts further stipulate that the contract shall end automatically, at the latest, at the end of the month in which the Executive Board member has reached the standard retirement age under the statutory pension scheme or at the time when they draw a statutory retirement pension before reaching the standard retirement age. In the event of termination of an Executive Board employment contract, any outstanding variable remuneration components attributable to the period up to termination of the contract are paid out in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract.

Severance payments

Payments to an Executive Board member that are agreed upon with the member concerned in the event of premature termination without cause of the Executive Board employment contract, including fringe benefits, must not exceed the value of two annual remuneration payments and must not remunerate more than the remaining term of the Executive Board member's employment contract ("severance cap").

Other arrangements

The remuneration system does not provide for any special arrangements for a severance payment in the event of a change of control nor for any redundancy payments.

4.8. Remuneration for mandates

If remuneration is agreed for Supervisory Board mandates at affiliated companies, this is offset against the basic remuneration. For mandates at companies that are not affiliated companies or for functions in associations or similar groups to which the company or one of its affiliated companies belongs, the Supervisory Board will decide how the remuneration is offset.

5. Defining, implementing and reviewing the remuneration system

5.1. General procedure

As per sections 87a (1) and 120a (1) of the German Stock Corporation Act (AktG), the Supervisory Board adopts a resolution on a clear and understandable remuneration system for the Executive Board and submits it to the Annual General Meeting for endorsement. The remuneration system is determined by the Supervisory Board plenary assembly, which is aided in this process by its Personnel and Remuneration Committee. The Personnel and Remuneration Committee develops the structure and the individual parts of the remuneration system and presents these to the Supervisory Board plenary assembly in preparation for the consultation process and the passing of a resolution. Both the Personnel and Remuneration Committee and the Supervisory Board plenary

assembly can call in external remuneration experts, although care must be taken to ensure their impartiality. External legal advisors may also be consulted.

The Personnel and Remuneration Committee reviews the remuneration system at regular intervals every two years and each time Executive Board remuneration is due to be fixed, and it makes suggestions to the Supervisory Board to adjust the remuneration system if and where necessary. The Annual General Meeting passes a resolution on the remuneration system whenever a significant change is made to the remuneration system, at a minimum, however, every four years. In cases where the Annual General Meeting has not endorsed the remuneration system, a remuneration system that has been subjected to review is to be submitted for resolution no later than at the subsequent regular general meeting as set out in section 120a (3) of the German Stock Corporation Act (AktG).

5.2. Measures aimed at avoiding and handling conflicts of interest

To date, there have not been any conflicts of interest between individual Supervisory Board members in the decision-making process regarding the Executive Board remuneration system. If such a conflict of interest should occur during the process of defining, implementing or reviewing the remuneration system, the Supervisory Board will handle it as it would any other personal conflicts of interest involving a Supervisory Board member, in that the Supervisory Board member in question will not participate in the passing of the resolution or, in the case of a serious conflict of interest, will not even participate in the consultation process. In the event of a permanent conflict of interest that cannot be resolved, the Supervisory Board member in question will step down from office. This policy ensures early disclosure of conflicts of interest so that the decisions of the Supervisory Board plenary assembly and the Personnel and Remuneration Committee are not influenced by adverse circumstances.

5.3. Determining the specific amount of remuneration, appropriateness of Executive Board remuneration

The Supervisory Board plenary assembly sets the amount of remuneration for each Executive Board member in line with the remuneration system. It takes great care to ensure that the remuneration is not only commensurate with the performance and activities of each Executive Board member but also reflective of the company's position. On the other hand, the Executive Board remuneration of Rheinmetall AG should not exceed the customary level of remuneration without good cause.

The customary level of remuneration is usually determined by way of a horizontal remuneration comparison. The remuneration amounts received by Executive Board members are compared with the levels of remuneration that are customary at comparable peer companies. The horizontal comparison method also takes account of the economic situation of Rheinmetall and its peer companies.

The remuneration and employment conditions of other employee levels at Rheinmetall are also taken into consideration when determining the remuneration amounts. Among the methods used for this is a vertical remuneration comparison, analyzing the ratio of remuneration levels between the Chairman of the Executive Board, the ordinary Executive Board members, the three levels of management and the pay-scale employees, not only during the current fiscal year but also over time. This ensures that the Executive Board remuneration is proportionate to the remuneration of company employees, particularly over time as well.

5.4. Temporary deviation from the remuneration system

In accordance with section 87a (2) of the German Stock Corporation Act (AktG), the Supervisory Board may deviate from the Executive Board remuneration system temporarily where this is necessary in the interests of the company's well-being over the long term. Such a deviation is only permitted in exceptional circumstances that significantly impact Rheinmetall AG's business activities or that widely impair the functionality of the remuneration system. Exceptional circumstances are understood to mean extraordinary developments for which the Executive Board or Rheinmetall AG are not responsible, for example extraordinary changes to general economic conditions (e.g. as a result of an economic or financial crisis), natural disasters, terrorist attacks, political crises or epidemics/pandemics. Generally unfavorable market developments do not explicitly qualify as an exceptional circumstance that would justify deviation from the remuneration system. In the event of extraordinary developments, the Supervisory Board may pass a resolution to deviate from the following elements of the

remuneration system: remuneration structure, performance periods and times at which variable remuneration is paid, and variable remuneration performance targets including their weighting.
