

Rheinmetall AG · P.O. Box 104261 · 40033 Düsseldorf, Germany

To whom it may concern

4 May 2020 · Dirk Winkels · VKI Investor Relations · Tel. +49 211 473 4749 · Dirk.Winkels@rheinmetall.com

• **Annotation and additional information regarding AGENDA ITEM 6 “Adoption of resolution on the approval of the compensation system for Executive Board members pursuant to Section 120a of the German Stock Corporation Act (Aktiengesetz, AktG)”**

Dear Ladies and Gentlemen,

• In addition to the information in the Annual Report 2019 and the uploaded document in respect to the above mentioned Agenda item 6 “Adoption of resolution on the approval of the compensation system for Executive Board members pursuant to Section 120a of the German Stock Corporation Act (Aktiengesetz, AktG)”, Rheinmetall would like to state the following:

The remuneration committee of Rheinmetall AG’s supervisory board has performed a market analysis of the executive board compensation scheme competitiveness in cooperation with an external consultant during 2019. The result of the analysis was the basis for the design of the new compensation system. The compensation system was approved by the supervisory board on 5 December 2019 and became effective on 1 January 2020. The entire process was finalized before the first Covid-19 case became public. In addition, the new shareholder regulation, ARUG II, was adopted by the German parliament only on 19 December 2019.

The external consultant who supported the remuneration committee in this process conducted a market analysis that included all members of the German MDax-Index, which was identified as the relevant peer group for Rheinmetall. The market analysis came to the conclusion that Rheinmetall’s fixed salary component was below average compared to the peer group. Based on the analysis, the supervisory board in particular made the following decisions:

1. The fixed salary component rose to reflect current market levels.
2. Higher emphasis was put on the variable compensation component and an increase of the degree of tension for the eligible board members.
3. The minimum level to qualify for the short-term incentive rose from 70% to 80% and additional criteria such as non-financial targets have been introduced.
4. The long-term incentive was completely redesigned. The percentage share of the long-term incentive increased from 34% to 45% of the total active compensation and the threshold for the long-term incentive to achieve 100% payout was increased from € 200M to € 500M, creating a much higher degree of tension.

5. Customary contract components such as a claw-back clause have been introduced while the option to pay a discretionary bonus was cancelled.
6. EBT is a core element of the Group's financial KPI. Therefore it is being used as a key metrics for the variable compensation.
7. The remuneration policy already outlines that criteria, targets and target achievement will be transparently laid out in the remuneration report going forward. This will also include weights between KPIs, which were already disclosed in the current remuneration reporting.

The supervisory board regards the redesigned remuneration policy as an appropriate instrument to offer an attractive compensation package, while at the same time the stretch or degree of tension for the eligible board members has been increased significantly.

Sincerely,

Dirk Winkels

Head of Investor Relations
Corporate Communication

Rheinmetall AG